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No. 71

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'GONGREN RIBAO' CALLS FOR USING YOUNGER CADRES IN INDUSTRY

HK091020 Beijing GONGREN RIBAO in Chinese 19 Jun 80 pp 1-2

[Article by contributing commentator: "Industrial and Mining Enterprises Must Carefully Select Outstanding Middle-aged and Young Cadres"]

[Text] To carefully select outstanding middle-aged and young cadres and put them in various leadership posts is a strategic task of our party for the present and for a fairly long period to come. It is also a major pressing problem confronting our industrial and mining enterprises.

Since the 11th Party National Congress, the party Central Committee has repeatedly stressed the need to seriously solve this problem. As far as the whole country is concerned, many industrial and mining enterprises have done something in this respect. Some well-trained technical personnel who resolutely support the party's line and are in the prime of life, including quite a few competent engineers and technicians, have been selected to take part in factory leadership. The Anshan Metallurgical Mining Company has promoted over 200 backbone technicians and staff members to leadership posts at various levels. A number of relatively old and weak principal veteran leading cadres of certain industrial and mining enterprises have voluntarily offered their positions to talented younger ones and have taken up deputy positions themselves, while promptly giving active support and encouragement to those who have just assumed leadership. Thus, the latter are enabled to give full play to their role in strengthening and improving enterprise leadership and accelerating the pace of modernization. But it should be noted that many industrial and mining enterprises have not paid proper attention to this matter. Some still confine themselves to talking. All we have is thunder but not a drop of rain. Such a situation must be quickly changed.

The chief reason some industrial and mining enterprises have been very slow to promote young cadres is that some principal leading cadres do not fully understand the urgency and profound strategic significance of this matter. They hold that the industrial and mining enterprises' immediate concern is production and think that the matter of succession not so important. They think that we need not worry about successors, as they say: "The assistant factory manager takes over in the absence of the manager; the deputy secretary does so in the absence of the party committee secretary." Some also show different degrees of resistance. They consider it "a wrong line" to select those who are younger but more educated and competent. They even claim that this is following the same line practiced by the "gang of four." These viewpoints indicate a lack of farsightedness and a lack of a concrete analysis and they are wrong. We only have 20 years to accomplish the four modernizations by the turn of the century. Not a single day must be wasted. Twenty years seems a very long period, but time flies. We should understand that working toward the four modernizations is a more complicated and more difficult business than anything we undertook before. It will not do to just count on past experiences and revolutionary enthusiasm. We must promote to factory leadership posts those who are well trained and well acquainted with modern science and technology and scientific management methods. We must give them jobs with the necessary authority to lead others in the modernization effort. By doing so, we will do fewer foolish things and make fewer big mistakes, thus accelerating the pace of modernization. This is a good thing for the whole party, the people of the whole country and our descendants. All those that want our country to thrive more quickly should care and give support. The leadership of our industrial and mining enterprises at various levels should especially tackle this important matter seriously. In no way can we adopt a wait-and-see attitude and let things slide, thus hurting our cause. Those who equate our promoting outstanding young cadres with the "gang of four's" catapulting cadres to the top overnight are completely wrong. The two approaches are basically different in their aims, standards, requirements and methods and can never be lumped together.

Then what are the standards for promotion? As repeatedly stressed by the party Central Committee, there are three basic requirements: 1. Firm adherence to the party's line and the socialist road; 2. special training and organizational and leadership abilities; 3. being in the prime of life and full of vigor. We must stick to these three requirements and select for promotion those comrades who have been through the mill and show promise. Why was it that in the past, some cadres who were not quite up to the mark were promoted while some who satisfied the requirements were not given the chance? The main reason was that some of our comrades have still not emancipated their minds and are bound by the trammels of convention. For instance, some comrades are accustomed to "ranking people according to qualifications and seniority" and stress seniority. They are afraid that the promotion of a young person may arouse the resentment of older comrades. They may also think that young people are not mature enough and can be "trusted" only after a period of time. In their approach to intellectuals, they lack an overall correct understanding. Under the influence of ultraleftist thinking for many years, some people are at present actually still discriminate against intellectuals. Although they talk about the overwhelming majority of intellectuals being a part of the working class, in fact they always treat the latter as outsiders and targets for transformation. They fuss about intellectuals' every flaw or shortcoming. They want only to use their particular skills and hate to trust them. The leading comrades of some units still follow the standards of the land reform period in selecting cadres needed for the four modernizations. They believe that the only way to be on the safe side is to select cadres from among those workers directly involved in production, and that only by doing so will they be adhering to the party's class line. Long influenced by the poison of "the theory of class origin," they have concerned themselves with only one's class origin, personal history and social relations and to not care how he actually performs and whether or not he has professional training. Some comrades still show a lack of a correct understanding about the criterion for "political integrity." Those who say yes to everything, keep busy with all things and excel in nothing have been credited with "political integrity." Those who are innovative and knowledgeable and dare to make criticisms and suggestions, as work problems arise have been accused of being "arrogant and conceited" and lacking in "integrity." The leading cadres of some enterprises have also been inclined to seek perfection. They do not judge by the main side of a cadre's character and the main aspect of his performance. They set standards too demanding, and even find fault with one's work. In addition, it should be noted that the pernicious influence of factionalism still exists in certain industrial and mining enterprises. A cadre's promotion is often determined by which faction to which he belongs. Those who are not in the same faction are left out no matter what their performance. Those who are in the same faction are arbitrarily recommended for promotion even though they do not meet the requirements. All these are obstacles to the selection of trained people. They must be thoroughly removed. Otherwise, outstanding young cadres could not be found or selected.

Some people say that in selecting cadres, we now stress actual abilities and do not take the political factor into consideration. This is entirely a misinterpretation. We must select successors in accordance with the requirements set by the party Central Committee. At present, we must stress the need of adhering to the party's political and ideological line. As far as the line is concerned, we must pay attention to assessing and observing cadres and maintaining the purity of the leading groups of industrial and mining enterprises. If we overlook this, the right cadres could not be selected and we would suffer immensely. Those who do not follow a correct line and share the same will with the party, run counter to the party's general and specific policies over a long period of time, do not seriously try to turn over a new leaf and persistently practice factionalism, run afoul of law and discipline and do as they please can never be our successors and must be taken care of and dealt with accordingly.

The industrial and mining enterprises must pay attention to methods in training and selecting successors. We cannot just select a few persons. We must train a number or a group of people. Just promoting one or two persons to a leadership group will not do. Only with a large number of trained people available can we really have no worries about a lack of successors. Only in this way can we make our country thrive. In this sense, it is not just a matter of methods. It is a matter of guiding thoughts and a matter of being strategically minded or not. If various industrial and mining enterprises select a number or a group of trained people, then there will be an endless flow of outstanding middle-aged and young cadres on tap. If the No 1 and No 2 men of an enterprise are further selected from among them, then things will be much easier.

If we want to select a number or a group of trained people, where do these people come from? In the past, people said, "A monk from far away knows how to chant scriptures." In fact, this is not so. Just as a Chinese saying goes, thriving grass can be found everywhere. Local monks are equally good at reciting scriptures! What is involved here is a problem of emancipating the mind. As far as industrial and mining enterprises are concerned, many people have professional training and technical knowledge and know how to manage an enterprise. Between the 1950's and the 1960's, our country turned out several million college and vocational middle school graduates. The overwhelming majority of them were placed in economic departments and in enterprises and units. After over 20 years of practical training, many of them acquired a wealth of management experience and relatively strong organizational and leadership abilities. They are now mostly 40 or 50 and in the prime of life. They are very capable of contributing more to the four modernizations. Also, a number of comrades, including worker and peasant cadres, have become proficient in one or several fields even though they do not have a college or specialized education. This is the result of years of factory life and assiduous study and research in their handling of production and technical matters. This shows that we have a strong foundation for the selection of trained people. So long as we widen our horizon, break through the shackles of convention, and get rid of the metaphysical viewpoint of judging people and things in an inflexible, one-sided and isolated manner, we can unearth and select large numbers of outstanding successors. According to an investigation by the metallurgical department of Beijing Municipality, of the 236 factory-level cadres of the 38 industrial and mining enterprises of the whole bureau, there are only 38 college and vocational middle school graduates, representing 16 percent. Of the 37 factory managers, there are only three college and vocational middle school graduates. To meet the needs of the four modernizations, they have boldly promoted to factory and section leadership posts 38 people who follow a correct ideological and political line, are in the prime of life and have technical and professional training. Of them, 12 have acted as No 1 and No 2 men. Meanwhile, rearrangements have been made for a number of old cadres depending on their personal situations. After such a readjustment, of the factory-level cadres, the number of technical cadres who graduated from college or vocational middle schools has not increased to 57, representing 24 percent. Of them, 22 are suited for the posts of chief engineer, general accountant engineer and accountant. The rest are mostly cadres who have technical training and know business management. Of the 37 factory managers, the number of college and specialized middle school graduates has risen to 12. In addition, various factories have been staffed by deputy chief engineers and deputy general accountants. After readjustment, many leadership groups have been praised by the masses. The concerned enterprises have undergone great changes in their features.

To lay a more solid foundation for selecting trained people, bringing up large numbers of leadership personnel and well-trained people and gearing the whole ranks of cadres to better meet the needs of the four modernizations, we should adopt positive and effective measures to train and promote on-the-job cadres of industrial and mining enterprises. We must think of more ways and means to train cadres. In a planned way we must send them to study in schools and help with their on-the-job studies. The aim is to raise their professional or management level as quickly as possible. For that matter, we can no longer watch on the sidelines. In the past, we suffered. If we now lack foresight and again fail to step up our efforts, we will suffer more.

Older cadres must train and select outstanding middle-aged and young cadres. Industrial and mining enterprises now have old comrades who formerly participated in the war of resistance against Japan, the war of liberation, and the struggle to resist U.S. aggression and aid Korea, or who were formerly of the army. They have also worker cadres who were promoted shortly after liberation. These people have rich experiences. They are our party's cherished wealth, the backbone of the leading groups of industrial and mining enterprises and leaders in the four modernizations. However, many of these comrades are old. The spirit is willing but the flesh is weak. It is not that easy for them to start over when it comes to picking up new skills. Therefore, the best way is for them to train and select successors as quickly as possible. They must have the courage to let younger comrades take over. If we have good successors, we can guarantee the continuity of the party's general and specific policies and have great hopes for the party's cause. In this sense, doing a serious job of training successors yields greater results than for older cadres to try desperately to catch up. This allows them to make a greater contribution.

The leading cadres of some industrial and mining enterprises also do not feel relieved about selecting young cadres for leadership posts. This is not without reason. Guided by their own political standards, Lin Biao and the "gang of four" put in power factionalists and elements good at the beating-smashing-looting game in an attempt to usurp party and state leadership. They persecuted old cadres and gave us a hard time. Now we stress the need to seriously train and select successors because we want to avoid a repetition of history and put people's minds at rest. Younger cadres lack experience and are likely to err in their work. This is inevitable. We must boldly let them shoulder weighty responsibilities. A winged steed becomes what it is because it is set free and not confined to a stable. There is no need to fuss about one or two mistakes that the younger cadres make in their work. Even if they have actually erred, it does not matter. The older comrades in leadership position must hold themselves responsible and help them sum up experiences and lessons. Only in this way can we produce talent.

In sum, training and selecting successors is an important matter for the whole party. So long as we strengthen leadership, formulate proper plans, and make overall arrangements with every factor taken into consideration, we can surely train successors in a proper way.

CSO: 4020

NATIONAL ECONOMIC POLICY

RELATIVE DEVELOPMENT OF TWO SECTORS DISCUSSED

HK081010 Beijing JINGJI YANJIU [Economic Research] in Chinese No 5, 20 May 80 pp 48-53

[Article by Lu Congming [7627 1783 2494]: "Rapid and Slow Production Increases in the Two Sectors--A Constantly Alternating Process"]

[Text] Among the classics of Marxism, the first to regard the priority development of the production of the means of production as a general law of social reproduction is Stalin's book "The Problem of Socialist Economy in the Soviet Union." In this book Stalin said that "Marx' formula of social reproduction not only reflects the characteristics of capitalism, but also includes many basic principles of reproduction which have an effect on all social formations--especially the socialist formation." Among these principles, there is "the principle which puts the development of the means of production above everything else in enlarged reproduction." It is my opinion that there is no basis for regarding the priority development of the means of production in enlarged reproduction as a generally applicable Marxist principle concerning social reproduction.

It is well known that in his analysis of social enlarged reproduction, Marx only demonstrated the basic condition for enlarged reproduction: I (V plus M) larger than II C. He has not taken the factor of the improvement of the organic constituents of capital of the two sectors into consideration. Therefore, it does not follow that the development of the means of production will be more rapid. As Lenin has rightly pointed out, "The conclusion cannot be drawn that Sector I predominates over Sector II: both develop along parallel lines. But that scheme does not take technical progress into consideration. As Marx proved in Volume I of "Das Kapital," technical progress is expressed by the gradual decrease of the ratio of variable capital to constant capital (v/c), whereas in the scheme it is taken as unchanged." (Collected Works of Lenin: "The So-called Market Problem," Vol I, p 69)

It is worth pondering that Marx has on several occasions analyzed the upward trend of the organic constituents of capital in his work "Das Kapital." However, in his detailed discussion of the general law of social reproduction, he has failed to discern the effects that the organic constituents of capital have on the speed of development of the two sectors of social production. Why is it so? Has Marx overlooked it or was he limited by his own historical conditions? Both are incorrect. I think the true reason is that the speed of development of the two sectors is not entirely conditioned by changes of the organic constituents of capital. Furthermore, the improvement of the organic constituents of capital is not continuous and constant. Therefore, it is not a general law in social enlarged reproduction for the production of the means of production to develop faster than the production of the means of consumption. That is why Marx did not mention this problem in his analysis of the general laws of social reproduction.

In his article "The So-called Market Problem," Lenin for the first time added the factor of technological advances causing improvement of the organic constituents of capital into Marx' formula for enlarged reproduction. He concluded that "growth in the production of the means of production as a means of production is the most rapid, then comes the production of the means of production as a means of consumption, and the slowest rate of growth is in the production of the means of consumption." (Collected Works of Lenin: "The So-called Market Problem," Vol I, p 71) This has important theoretical and practical significance for throwing some light on the role of modern technological advances on the speed of development of the two sectors. As Lenin has said, "The whole meaning and significance of this law of the more rapid growth of the means of production lies in the one fact that the replacement of hand by machine labor--in general, the technical progress that accompanies the machine industry--calls for the intense development of the production of coal and iron, those real 'means of production as a means of production.'" (Collected Works of Lenin: "The So-called Market Problem, Vol I, p 88)

The above analysis of Lenin on enlarged reproduction is based on a series of strictly defined conditions. It is absolutely necessary to adopt such a method of analysis to discover the role and trend of changes of certain factors in a large number of intricate phenomena. However, the process of social reproduction in real life is always more intricate than theoretical abstraction. The speed of production development is never simply determined by any single factor but is the result of the combined effects of many factors. The factors for a certain trend often coexist with factors for an opposite trend. The intensity of their effects is constantly changing. The principal and secondary factors can overlap under given conditions. The concrete conditions for social reproduction differ from country to country and for different periods of time. Furthermore, the development of the two sectors cannot be absolutely harmonious. There will be, to a greater or less extent, relative excess or scarcity of production. Therefore, it is absolutely impossible to regard any trend derived from any given conditions as absolute and general and the only principle to be followed at any time and under any conditions. This will be analyzed from several perspectives below.

1. Concerning the Effect of the Growth of the Needs and Consumption of Social Life on the Speed of Development of the Two Sectors

There is a basic hypothetical condition in Lenin's diagram on the faster growth of the means of production. The hypothetical condition is that the average real wage of the worker is unchanged. According to this hypothesis, the improvement of the organic structure of capital implies the increasing proportion of the value of the means of production and the corresponding reduction of hired workers. This, in turn, implies the decreasing proportion of expenditure on purchasing labor in the gross capital. In this way, the growth of the means of production will, of course, be faster than the growth of the means of consumption.

Capitalism always tries its best to limit the wages of the workers to the lowest level and sometimes even reduce the real wage. However, the people's needs of life are always expanding. Due to the development of the workers' class struggle and the changes of the capitalists' means of exploitation, from a long-term perspective, the laborers' actual standard of living is improving. Lenin pointed out that "When discussing the relationship between the growth of capitalism and of the 'market' we must not lose sight of the indubitable fact that the development of capitalism inevitably entails a rising level of requirements for the entire population, including the industrial proletariat." (Collected Works of Lenin: "The So-called Market Problem," Vol I, p 89) This, of course, is the result of the proletarian class struggle. This is proved by the history and present conditions of many capitalist countries. If the real wage is regarded as an increaseable quantity, then, as the organic constituents increase, the proportion of variable capital will not be reduced in proportion to the reduction of human labor. Thus, when compared with Lenin's hypothetical "formula," the difference between the growth rates of the two sectors will be reduced.

With the intensification of contractions in the capitalist economy, the capitalists are adopting various "high consumption" measures to stimulate economic development. Meanwhile, the tremendous changes in people's lifestyle and consumer structure also spur the massive development of the production consumer materials. Ever since World War II, in certain advanced capitalist countries, traditional industries such as the automotive, construction, food processing and clothing industries have been further developed. Not only that, the production of durable cultural and daily necessities such as radios, televisions, refrigerators, washing machines, vacuum cleaners, air conditioners, dishwashers, electric stoves and salvage and rubbish disposal installations have been rapidly developing. Hand in hand with this is the expanding proportion of the means of production used in the production of consumer goods. In several of these aspects, the development of consumer goods production has surpassed that of the production of the means of production. For instance, between 1965 and 1971, the industrial electrical appliances of the United States had a growth rate of 43 percent, while that of civil electrical appliances had a growth rate of 52 percent. Meanwhile, 56 percent of the United States' electricity is used for daily and commercial use, whereas between 1970 and 1971, the investment in apartment construction increased by 25 percent. Between 1960 and 1974, the Japanese production of radios, televisions, refrigerators and washing machines increased by 157, 385, 189 and 119 percent respectively. This surpassed the production growth rate of many means of production.

The purpose of socialist production is to satisfy the people's growing material and cultural needs. The actual consumption of the people not only stay at a given level over a long period of time; it should in fact be improved annually. This is the basic starting point for determining the proportional relations of the two sectors. Under the precondition, we should also consider the present conditions and demands of the organic constituents of capital. Under the same technological conditions of production, the growth rate of the second sector in a socialist society should be faster than that in a capitalist society. Under certain conditions, it is necessary and possible for the growth rate of the second sector to exceed that of the first.

2. Concerning Determination of the Accumulation Rate and Its Effects on the Speed of Development of the Two Sectors

Lenin's formula assumes that the surplus value of the first sector has an annual accumulation rate of 50 percent. This, in turn, dictates that the second sector will have an annual accumulation rate of 8 percent for the first year, 3 percent for the second year and so forth. The longer the time, the lower the accumulation rate. Judging from the characteristic of capitalist reproduction, the accumulation of capital is, first and foremost, the accumulation of the means of production. The increase of labor forces and accumulation of the means of consumption are secondary to it. In this sense, the conditions of accumulation hypothesized in "the formula" holds true.

However, from the perspective of social reproduction in general, accumulation of the first sector is, after all, determined by that of the second. That is to say, the expansion of production in the first sector is, first and foremost, determined by the amount of surplus consumer goods available to cater to the needs of additional labor after satisfying the needs of simple reproduction. Although capital accumulation has upset this relationship, in the final analysis, it is still controlled by such a relationship. In socialist reproduction, it is even more important to determine accumulation according to the production conditions of the second sector. The level of accumulation must be determined on the basis of safeguarding the gradual improvement of the people's livelihood and not otherwise.

With regard to the level of accumulation of the two sectors, the actual situation is generally quite contrary to any "formulated" hypothesis. Since the second sector has low organic constituents of capital and a relatively smaller scale of fixed capital, the circulation of capital is fast and the profit rate is high (the trend for the profit rate to even out cannot fully eliminate this). As a result, the accumulation of the second sector is generally faster than the first sector. When talking about the basic conditions for enlarged reproduction, Marx pointed out that "If things are to go on smoothly, the accumulation of the second sector must be faster than the first." (Marx: "Das Kapital," Vol II, People's Publishing House, 1975, p 579)

If the accumulation of the second sector is faster than the first and is totally devoted to enlarged reproduction of the same sector, then the first sector must correspondingly provide additional means of production for the second sector. Meanwhile, the first sector should correspondingly reduce its own consumption of the means of production. In this way, the speed of improvement of the organic constituents of capital of the first sector will be reduced while the growth of production of the second sector will gradually approach or even surpass that of the first sector. Such a situation might arise under given conditions but it will not last for long. Otherwise, it will hamper technological advances and the potential for enlarged reproduction. Therefore, under normal circumstances, an appropriate proportion of accumulation of the second sector should be transferred to the first sector. If the factor of foreign trade is also taken into account, the disequilibrium between developments of the two sectors can be adjusted by exporting certain consumer goods in exchange for the needed means of production. This method plays a significant role in making full use of the fast capital accumulation of the second sector and in promoting the speedy development of both sectors.

3. The Impact of the Renewal of Fixed Capital on the Speed of Development of the Two Sectors

Lenin's formula assumes that the value of the annual unchangeable capital is transferred to the products once and for all. This obscures the peculiarity of the value of the transfer of fixed capital by putting it in abstract terms. In fact, this factor has important influence on the speed of development of the two sectors.

Fixed capital is different from other unchangeable capital. Its value is transferred to the products gradually instead of all at once. Such a process generally takes many years to complete. Therefore, the organic constituents of the capital in use is different from the organic constituents of the capital consumed. The level of the latter is much lower than the former. Such a difference is particularly pronounced in the first sector which has a greater proportion of fixed capital than the second sector. If such a difference is put into the context of the "formula," the difference in the speed of development between the two sectors will appear negligible. Or else, it might appear that the growth of the second sector might even surpass that of the first. Thus it can be seen that the level of development of the two sectors cannot be simply deduced from the level of the organic constituents of the capital in use. There is no proportional relationship between the former and the latter because the difference in the former is greater than that of the latter.

It takes a given period of time for a given mode of fixed capital to pass from investment to its final renewal. The length of this period varies with the material characteristics of the fixed capital and the conditions of competition. Taking society as a whole, there is a given amount of fixed capital due for renewal every year. However, such an amount cannot be uniform each year and there are bound to be differences. With the improvement of the organic constituents of social capital and the enlargement of the scale of fixed capital, this kind of disequilibrium will be more pronounced.

Judging from the relationship between the two sectors, the amount of fixed capital which the first sector has to compensate the second varies from year to year. Marx pointed out that "Once the capitalist mode of production is abolished, the problem resolves itself into the simple proposition that the magnitude of the expiring portion of fixed capital, which must be reproduced in its natural form every year (which served in our illustration for the production of articles of consumption), varies in successive years. If it is very large in a certain year (in excess of the average mortality, the same as among men), then it is that much smaller in the next year." (Marx: "Das Kapital," Vol 2, pp 526-527) Although Marx is only talking about simple reproduction here, this doubtless also applies to enlarged reproduction which is based on improved organic constituents of capital. The only difference is that it appears to be more complex.

It follows from the above discussion that production of the first sector develops faster in certain years while developing more slowly in others. In certain years, its growth is even smaller than that of the second sector. All these are normal developments of social reproduction. There is nothing strange about it.

4. Improvement of the Organic Constituents of Capital and Relationship Between the Speed of Development of the Two Sectors

In general, on the basis of improvement of the organic constituents of capital, the growth of the first sector might be faster than that of the second while the growth of production of the means of production for producing the means of production is faster than the production of the means of production for producing the means of consumption. However, even if we put aside the coexisting restraints and the factors obstructing the improvement of the organic constituents of capital, this controlling relationship is not absolute.

Improvement of the organic constituents of capital always starts from certain departments or enterprises and is gradually popularized throughout society. Be it long or short, there is always a process in between. At a given stage, that part of the organic constituents of capital which is improving coexists with that part of the capital organic structure which is approaching stagnation. As Marx said, "In spite of the continual and daily revolutions in the mode of production, now this, now that, a greater or smaller portion of the total capital continues for certain periods to accumulate on the basis of a given average proportion of those constituents, so that its growth does not imply any organic change. (Marx: "Das Kapital," Vol 3, p 293) Under such conditions, there will not be any exceptionally fast growth of the first sector. It is only when the organic constituent of capital in general or the greater part of the production realm has been improved that social enlarged reproduction will demand the exceptional growth of the first sector.

Will the growth of the first sector be immediately accelerated after the organic constituent of capital has undergone an overall improvement? Not necessarily. It all depends on the speed of improvement of the organic constituent of capital. If the extent of improvement is not high and tends to be even over a period of years while the difference of improvement of the two sectors is not great, then, within a given period of time, the growth of the first sector will not surpass that of the second. This is mainly due to the low organic constituent of capital and the high profit rate of the second sector. After a given period of time, the organic constituent of capital will be raised to a given level. By then, the production growth rate of the first sector will surpass the greater production growth rate of the second sector induced by its higher profit rate. Only thus will the growth of the first sector surpass that of the second.

Furthermore, it is not absolutely certain that the organic constituent of the first sector will be higher than that of the second. Under certain conditions, the organic constituent of capital of the second sector might be higher than that of the first. Marx pointed out that "During the prosperous development of capitalist production, the rate of industrial production develops much faster than agriculture.... However, when industry has developed to a certain stage, this disequilibrium will begin to recede. That is to say, the rate of agricultural production will grow faster than the rate of industrial production." (Marx, Collected Works: "The Theory of Surplus Value," Vol 26 II, p 116) "The increase in the absolute number of laborers, in spite of the relative decrease of the variable as opposed to the constant capital, does not take place in all lines of production, and not uniformly in those in which it does proceed. In agriculture, the decrease of the element of human labor may be absolute." (Marx, "Das Kapital," Vol 3, p 293) In certain advanced capitalist countries of the present age, the organic constituent of capital in agriculture is already higher than that in industry. For instance, in 1976, a single unit of the labor force on an American farm took up an average of $112,000 of fixed capital, whereas that of a manufacturing industry only took up $55,000 of fixed capital. Although this will not alter the trend of the faster growth of the first sector, it will cause changes in the internal production structure of the first sector. As a result, the growth of the production of the means of production which produces the means of consumption, will surpass the growth of the means of production which produces the means of production within a given period of time.

Furthermore, improvement of the organic constituent of capital leads to the faster growth of the first sector. Generally speaking, this only holds true given the normal and harmonious development of the two sectors. However, the development of the two sectors cannot always be in equilibrium. Relative surplus or scarcity occurs from time to time.

5. The Relationship Between Technological Advances and Changes of Organic Constituents of Capital

Lenin's formula is basically based on the assumption that technological advances will inevitably lead to the improvement of the organic constituents of capital. There is a problem which merits further investigation. That is, between advances in production techniques and improvement of the organic constituents of capital, is there always a cause and effect relationship between changes in the same direction? That is to say, is improvement of the organic constituents of capital a necessary prerequisite for technological advances at all times and under all conditions? Or, on the other hand, does the cutting down of the organic constituents of capital imply deterioration of production techniques?

First it must be affirmed that ever since the emergence of large machinery production, the advances in social production techniques have resulted in a marked improvement in the organic constituents of capital. That is to say, mechanical labor replaces manual labor more and more with an increasing proportion of mechanical labor in gross social production. This trend is especially marked in the process of industrialization.

Meanwhile, it must be seen that there is another coexisting trend, namely, a more economical use of the means of production. This is also the demand and expression of advances in production techniques. Such a trend has already manifested itself markedly in certain economically advanced countries. 1. Economizing on fixed capital. In Italy, between 1951 and 1970, the amount of fixed capital in the products of all economic departments and units was reduced by 27 percent. In West Germany, between 1950 and 1960, the growth of industrial production was 150 percent whereas that of fixed capital was only 120 percent. In the United States, between 1943 and 1960, industrial production grew by 1.6 times whereas that of investment grew by only 1.2 times. 2. Economizing on fuel and power: in the United States, between 1950 and 1972, the fuel consumption for one degree of electricity enumerated according to the standard unit was reduced by 39 percent. In 1945 it took 1.4 tons of coke to smelt one ton of iron. By 1969 it had been cut down to only 626 kilograms. In recent years, the fuel consumption for each ton of cargo transported by rail has been reduced by 75 percent. In the United Kingdom, between 1950 and 1959 the growth of production in general was almost double the growth of power consumption. In the whole capitalist world, the industrial production in 1956 was 104 percent above the figure for 1937, whereas the growth of various power production indices was only 75.6 percent. From 1955 to 1972, industrial production grew by 141 percent whereas various kinds of power production only grew by 130 percent. 3. Conservation of raw materials: In the United States, between 1948 and 1960, the rolling consumption quota for the products of machine manufacturing units was reduced by 31 percent. In West Germany, between 1956 and 1971, industrial production grew by 244 percent whereas the industrial production of objects of labor only grew by 166.4 percent.

Thus it can be seen that improvement of the organic constituents of capital does not necessarily mean advances in production technology. On the other hand, improvement of the organic constituents of capital which is accompanied by very low utility of fixed capital, excessive consumption of fuel and raw materials, poor product quality and economic results are a clear indication of backward production and management techniques. Similarly, when the organic constituents of capital have reached a certain level, various effective measures can be adopted to economize extensively on the means of production and raise its utility in order to lower the organic constituents of capital appropriately. This can be regarded as the expression of the further development of the technological level of production. Therefore, it is contrary to the objective reality of production development to regard improvement of the organic constituents of capital as the only demand and expression of technological advance.

The two trends of technological advance mentioned above play different roles under different conditions. Generally speaking, improvement of the organic constituents of capital becomes the main trend during the period of industrialization and modernization of the national economy, the period of revolution in production processes as a result of fresh breakthroughs in science and technology, and the period which requires extensive renewal of fixed capital. Relative stability or proper reduction of the organic constituents of social capital will become the main trend under the following circumstances: namely, when production techniques have generally been raised to a given level so that existing achievements need further improvement and utilization whereas fresh breakthroughs have not yet emerged. It also applies to the situation when the technological installation of labor has reached such a scale that it is necessary to improve the production efficiency of mechanical and human labor whereas the economic result is still very low. Finally, it applies to the situation where consumption lags so far behind accumulation that there is an urgent need to solve the problem of unemployment of a large labor force. Thus it can be seen that improvement of the organic constituents of capital as a result of technological advances in production does not proceed smoothly but takes a winding path.

After taking into consideration the tortuous process of improvement of the organic constituents of capital, and giving adequate attention to other factors that may affect the speed of development of social reproduction, especially the role of a higher real consumption level of the members of society, it is my opinion that the faster growth of production of the means of production is not a continuous and unbroken process. On the contrary, it is sporadic and cyclical. Therefore, one cannot say that the growth of production of the means of consumption always runs at a slower pace. Nor can one say that it is special, coincidental and exceptional for production of the means of consumption to grow more rapidly. Instead, one should say that it is a normal cyclical trend for the growth of the second sector to surpass that of the first. This, to a certain extent, has been confirmed in certain economically advanced countries of the present age. For instance, in the United States, the proportion of production of the means of consumption in industry for 1953 was 28.2 percent. Whereas when compared with the 1950's, the increases in the 1960's were even more pronounced. Later on, this proportion dropped a little but rose again soon afterward and reached 30.6 percent in 1972. In West Germany, the average annual growth of industry between 1955 and 1972 was 6.3 percent of which the average annual growth of production of the means of consumption was 6.5 percent. In the Soviet Union, the growth of production of the means of consumption was also faster than that of production of the means of production.

In short, in social enlarged reproduction where technology continuously advances, the rapid and slow production increases in the two sectors is a constantly alternating process. The growth of production of the means of production does not appear to be the fastest. This does not mean playing down the important role of the production of the means of production at all. The means of production is the necessary material condition for social production. With the development of social production, the means of production will have increasing effects on the improvement of labor productivity. This is especially so when humanity has entered the age of mass production by machinery. The production of the means of production has gradually developed into the greatest production department and plays a massive role in the development of a modernized national economy. However, from the perspective of the procedural structure of the national economy, development of the production of the means of production, in the final analysis, is determined by the production of the means of consumption. Production of the means of consumption is the starting point and final goal of production of the means of production.

CSO: 4006

JOURNAL COMMENTS ON TWO-DOOR EMPLOYMENT POLICY

OW100307 Beijing Domestic Service in Mandarin 1200 GMT 9 Jul 80

[Report on article in BANYUE TAN [BIWEEKLY TALK] No 5 by (He Zhiqun) of the State Bureau of Labor: "On the Two-door Employment Policy"]

[Text] The article points out: As the number of people awaiting employment keeps increasing due to the 10-year catastrophe, it is necessary to adopt the effective method of the 1950's--implement the principle of both employment by the government and employment by the people themselves.

The article says: This principle was set forth by the central authorities in the early 1950's with the aim of solving the serious unemployment problem left over from the old society. This method meant that on the one hand the government offered jobs under a unified system in the production and construction fields and, on the other, the government encouraged the unemployed and the people seeking jobs to look for and create jobs for themselves. They could also establish collective industrial and commercial enterprises like the cooperative model that is based on an individual's specialization, or they could become self-employed laborers. Having adopted this principle of double-barrel employment, our country had basically solved the unemployment problem by 1956 and people were generally satisfied. The masses termed this employment policy the two-door employment principle.

The article continues: After 1958, employment was placed under the control of the government and jobs were arranged and assigned by the government in a unified manner. Individuals were not allowed to find their own ways to make a living. Particularly after the 10-year catastrophe which seriously disrupted the national economy, collective undertakings of the masses in cities and towns and individual economy in society were considered "the tail of capitalism" and were all cut off. This completely ended the people's efforts to find their own ways to make a living. Employment opportunities became increasingly greater. The situation prevailed whereby the government wanted but failed to take care of the country's employment as a whole, and the masses wished to work but were not allowed to do so on their own. Under this situation, it is imperative to learn from the successful experience of the 1950's and to follow the two-door employment principle.

The article finally says: Implementing this principle will open the door for the masses to find jobs for themselves, and the people awaiting jobs may find jobs for themselves to suit their own specializations. As more and more enterprises enjoy the right of decision making, units in need of workers may also employ the best qualified persons in accordance with their production requirements and under an overall plan. We should make the current fixed worker-employment system more flexible and offer the opportunity for the people awaiting jobs to create jobs for themselves.

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NATIONAL ECONOMIC POLICY

STATE COUNCIL CIRCULATES REGULATIONS ON STATISTICIANS' TITLES

OW031403 Beijing Domestic Service in Mandarin 1000 GMT 3 Jul 80

[Text] According to a XINHUA report, the State Council recently circulated the temporary regulations formulated by the State Statistical Bureau regarding the technical titles of statistical cadres, in order to bring into play the enthusiasm of statistical cadres, encourage them to love their jobs, actively endeavor to gain professional proficiency and enhance the scientific level of statistical work, so that statistical work can better meet the requirements of socialist modernization.

The regulations stipulate: The technical titles of statistical cadres are senior statistician, statistician [tong ji shi 4827 6060 1597], assistant statistician and statistical assistant [tong ji yuan 4827 6060 0765]. Statistical cadres, who are given technical titles or are promoted, must support the CCP leadership, ardently love the socialist motherland, conscientiously study Marxism-Leninism-Mao Zedong Thought, assiduously study statistical science and technology and work hard to serve socialist modernization. The determination of statistical cadres' technical titles and their promotion are mainly based on their working ability, professional level and contribution in work, with proper consideration also given to educational background and seniority.

The regulations say: An examination must be made on statistical cadres before their technical titles are determined or raised to higher ones. Those to be promoted to senior statisticians should also take foreign language tests.

The regulations spell out the qualifications statistical cadres should have in order to receive the various technical titles.

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ECONOMIC PLANNING

BRIEFS

TIANJIN ENTERPRISE MANAGEMENT--The Tianjin Municipal Revolutionary Committee on 14 June approved the establishment of a municipal enterprise management society. The main activities of this society will be to introduce and popularize advanced management experience gained at home and abroad, help local enterprises to improve their management methods and assist the departments concerned in training enterprise management cadres. [Tianjin City Service in Mandarin 1330 GMT 24 Jun 80 SK]

SHANDONG CAPITAL GOODS CONFERENCE--The Shandong Provincial People's Government recently held a conference in Jinan Municipality with the participation of directors from the material supply bureaus at or above county level to discuss the issue of ways to achieve brisk circulation of capital goods. Directors attending the conference put forward five measures: 1) Through emancipating minds, break down the conventions and forbidden zones which are set up for capital goods in supporting the production of commodities. 2) Enliven material support and supply for adopting multiple measures. 3) Establish material trade markets and exchange centers. 4) Expand or build more material supply centers and networks and make a rational arrangement for material exchanges. 5) Enforce business management among the units of material supply and do a good job in management in accordance with economic methods. [SK271254 Jinan Shandong Provincial Service in Mandarin 2300 GMT 22 Jun 80 SK]

SHANGHAI INDUSTRIAL MEETING--The Shanghai Municipal Economic Commission on 27 June held a meeting of industrial enterprises on increasing production and income, practicing economy and reducing expenditures. Zhou Bi, chairman of the municipal economic commission, summed up the situation in Shanghai's industrial production in the first 6 months of this year and set forth the production tasks for the second half of the year. According to Zhou Bi, total value of Shanghai's industrial output in the first 6 months was an all-time high and production for export goods and products in short supply increased by a fairly big margin. Han Zheyi, secretary of the Shanghai Municipal Party Committee, attended and addressed the meeting. [Shanghai City Service in Mandarin 1130 GMT 27 Jun 80]

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GENERAL ECONOMIC INFORMATION

'XINHUA' CORRESPONDENT VIEWS HUNGARIAN ECONOMIC SYSTEM

Shanghai JIEFANG RIBAO in Chinese 27 Feb 80 p 2

[Commentary by XINHUA correspondent Chen Xueyan [7115 1331 3601]: "Economic System and Economic Problems in Hungary"]

[Text] Budapest, 26 Feb (XINHUA)--The economic situation in Hungary in the late 1970's has aroused widespread concern among people of various strata here. In the streets and during their leisure hours, people are discussing and pondering this question: How to overcome the current economic difficulties for a smooth transition into the first year of the 1980's?

Hungary's economy has been through a series of twists and turns. Before the 1960's, Hungary once followed the example of another country in practicing a highly centralized economic system and a set of policies calling for high accumulations. There were positive results during the initial stage of the founding of the state. However, as time passed and the objective conditions changed, this highly centralized system and the economic policies which one-sidedly stressed high accumulations began to produce problems with adverse economic results. The growth of the national economy slowed down, the amount of imported grain increased, and people's standard of living declined. Experience has proven that they have taken the wrong road. Therefore, Hungary decided to free itself from the set pattern and to look for a new way to develop its economy under new conditions. The government sent officials to Yugoslavia and other countries to observe other economic experiences and then used these experiences to restructure its economic system as required by its own specific realities. After a long period of planning and preparation, the "new economic system" was enforced throughout the country in January 1968.

In encouraging the new economic system, Hungary worked out many new measures for restructuring the system of economic management through economic means. The new system replaced the former method of compulsory planned economic targets passed down from the state to the enterprises, and it included many other important changes. For example, the system of state appropriations was replaced by bank loans; the system of trading replaced the unified allocation of the means of production and the distribution of products by the central authorities; the setting of fixed official prices, the maximum prices, (was replaced by ???) floating prices, free prices and many other flexible forms of prices; the rational distribution and use of enterprise profits and directly linking the wages and fringe benefits of the enterprise leaders and workers was adopted, with the result that the enterprise's business operation more effectively embodied the principle of "to each according to his work". However, like all other things governed by the laws of development, these new reforms encountered many obstacles for more than 10 years. Some people in the countries held that such reforms were unnecessary, because they were afraid that the new system would disrupt the planned economy, and that emphasis on the role of the market would result in a spontaneous development of the national economy and then anarchy. Outside the country, some people also pointed an accusing finger at Hungary for what seemed to be a "departure from the classics and rebellion against orthodoxy."

History is the best witness. With plain facts, it has dispelled all these misgivings and refuted the accusations. Hungary's new economic system not only stood firm but also produced fine results. It aroused the enthusiasm of the enterprises in production and promoted the national economic development. According to information available, the output values created by each worker in Hungary's industrial sectors from 1965 to 1970 had an average annual increase of only 3.8 percent, the lowest rate among the CEMA members. However, after the new system began, the average annual rate was raised to 6.3 percent in the 8 years ending 1975, and Hungary was in the top ranks in CEMA. This trend of development was maintained up to 1978. In agriculture, Hungary had to import grain in the early 1960's. After the economic restructuring, it became a grain-exporting country, and the annual grain output averaged more than 1,200 kilograms per person. This amount was the fifth highest in the world and topped all other CEMA member nations. Furthermore, in the past 10 years and more, Hungary also had a rapid development of animal husbandry.

People cannot help asking: Since Hungary's new economic system has changed its economic outlook, why is it experiencing economic difficulties now?

There are many reasons for this. First, natural resources are scarce. Hungary is a small country with a total area of 93,000 square kilometers and a population of 10.7 million. Aside from some uranium and copper deposits, there are not many other mineral resources. As for raw materials, more than 70 percent of its fuel has to be imported. Large imports have to be offset by large exports, and that is why Hungary's national income from foreign trade has rapidly increased from 30 to 50 percent of its total income. Thus, Hungary's economy has become closely linked to the world (including the Western world) market and is unavoidably under its influence. When the economic crisis in the Western countries in 1973 had its natural impact on Hungary, the Soviet Union repeatedly increased the prices of oil and other raw materials sold to Hungary. Thus, Hungary's trade balance with the Soviet Union changed from one of surplus to one of deficit. Because the cost of imported raw materials and fuel exceed that of exported agricultural and machinery products, the ratio of exports to imports had declined by 20 percent in the past 6 or 7 years.

There are also domestic problems. In the past several years, changes in the make-up of industrial products has been unduly slow, and the quality of the products as well as the productivity has been unsatisfactory. Therefore, its products can no longer compete with others in the world market, particularly the Western market. This largely accounts for its large trade deficits in recent years. Sometimes, the deficit amounted to more than a billion dollars. Besides, the new economic system has begun to exhibit flaws, such as the disharmony between national economic planning and economic regulation; the unrealistic system of pricing, which cannot truthfully reflect certain economic activities in the world market; the adverse effects on enterprise revenues from waste or failure to fully utilize raw materials; lax labor discipline throughout the country resulting in the virtual waste of 15-20 percent of the work-hours; and so forth.

All the above factors brought Hungary certain economic recession in 1979. National income was from 2 to 2.5 percent, and industrial output 1 to 1.5 percent below the planned targets. Because of unfavorable weather, grain output was reduced by 2 to 3 percent. The prices of consumer goods increased by 4.1 to 4.3 percent, and the workers' and the peasants' actual incomes were reduced by 1 to 1.5 percent below the originally planned figure.

Under such circumstances the deficit in Hungary's 1980 financial budget will be increased to 4.5 billion forints with corresponding reductions in investments and accumulations, and the workers' income can only be maintained at the level of 1979. Therefore, for more than 1 month after the arrival of spring, statements by Hungarian leaders, press articles and TV and radio programs all touched on the economic problem; the word "difficulty" was frequently mentioned. They held that "1980 will be a severe test on Hungary's national economy."

To overcome the present difficulties, Hungary will readjust certain links in the economic system, so as to make it more practical. It will revise the economic regulative system and change the composition of products rapidly in an effort to increase productivity; increase exports, tap economic potentials, and maintain an economic balance. It will also adjust prices so that they are more closely related to the price changes in the world market. Their products; competitive power in the world market will then serve as an important index of enterprise profits and business success. This will reduce subsidy grants to the enterprises and force the enterprises to improve their management and to practice economy in the use of raw materials and power.

These new measures are the results of experiences and lessons drawn from the new economic system over many years and are aimed at certain weak links in the system. Whether or not these new measures can overcome the present economic difficulties can only be shown by the test of practice in 1980. Nevertheless, according to comments in the press and opinions expressed in various quarters, the people here seem to be full of confidence.

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GENERAL ECONOMIC INFORMATION

OFFICIAL OF PEOPLE'S INSURANCE COMPANY INTERVIEWED

Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] in Chinese No 13,
2 Apr 80 pp 2-3

[Interview: "Development of China's Insurance Business--Song Guohua [1345 0948 5478], Deputy General Manager of Chinese People's Insurance Company, Answers Questions From Our Correspondent"]

[Text] How has the Chinese People's Insurance Company carried out and developed its business in coordination with the Chinese modernization and economic activities with foreign countries? This is a question of great concern to the economic and business circles abroad. Recently, our correspondent raised some questions in his interview with Deputy General Manager Song Guohua.

[Question] How has Chinese insurance business recovered and developed in the past 2 years?

[Answer] Like the whole national economy, the business of the Chinese People's Insurance Company developed fairly rapidly in 1979. The expansion of our trading and economic contacts with foreign countries have provided particularly favorable conditions for the development of our country's insurance business. In 1978, our direct business income from insurance premiums totalled more than 137 million yuan, 31.7 percent above 1977. Our revenues from the same source in 1979 exceeded 170 million yuan.

In 1979, our company formed both direct and indirect reinsurance relationships with more than 800 insurance companies in 106 countries and regions on the basis of equality and mutual benefits and friendly cooperation, and have earned more than 200 million yuan from this source.

Last year, there was not only a gradual recovery of domestic businesses but also a good start in our foreign business.

To coordinate the planned use of foreign capital by the state and to comply with international practice and the requirements of Hong Kong businessmen, we underwrote the "investment insurance" (or "political risk" insurance) and "contract failure" insurance for the Baoan [1405 1344] Development Company, Ltd., of Hong Kong. This insurance not only plays a supervisory role in the work progress, but it also fully protects the interests of the investors and those buying houses.

"Investment insurance" is based on international practice and guarantees protection against the risks of war, or acts of war, and losses from strike, riot, requisition, confiscation or restriction by the relevent government departments. Such losses to the insured party will be compensated by the insurance company. However, the insurance company will not be responsible for losses caused by a violation of the law on the part of the insured or his representative.

"Contract failure" insurance refers to protection against losses to one contracting party due to the other party's breach of contract through mistakes or other causes. Such losses will be compensated by the insurance company.

We have received favorable comments at home and abroad on these two categories of insurance.

Besides providing insurance on transportation for imports and exports, aviation insurance and so forth, we also in the same year initiated new fields including engineering project insurance, installation insurance, third party responsibility insurance, property insurance, machinery damage insurance, employer's insurance, compensatory trade insurance and insurance on foreign goods to be processed in China and their transportation. Among these categories are:

(1) Insurance for engineering projects and the third party responsibility. An example of this is the insurance of the Victoria Company of Australia which is building eight hotels in Guilin, Nanjing, Zhenjiang, Wuxi and Suzhou, and the third party responsibility insurance on the Chinese workers and staff members.

(2) Insurance on installation and third party responsibility, such as the insurance on the off-shore artificial breeding ground of prawns in Tianjin. This breeding ground is a joint venture of the Tianjin Fishing Company and the Hong Kong Central Construction Company Ltd.

(3) Property insurance, such as the insurance on the transportation of huge quantities of goods to be processed in China and for compensatory trade and property, particularly in Guangdong and Fujian. The insurance policies for the majority of goods to be processed in China and their transportation are obtained by foreign traders or Hong Kong and Macao traders at our local offices.

In 1979, we also insured the window displays of foreign traders in Shanghai, Beijing and other places, as well as their consigned products in China, such as American liquor, brandy and vehicle spareparts.

(4) Car insurance. Apart from the insurance of vehicles used by foreign envoys in China, we also insured the vehicles entering China from Hong Kong and Macao, including third party responsibility and compensatory trade insurance in 1979. An example of this is the insurance on the large trucks of the Guangxi Talcum Mine and the third party responsibility insurance.

(5) Aviation insurance. Apart from the continued coverage of international civil flights, we also insured the safety of passenger flights from Guangzhou and Shanghai to Hong Kong in 1979.

(6) Personal accidents. Beginning from 1979, we insured against personal accidents to Chinese mountaineers hired by the mountaineering teams of Japan and West Germany. Furthermore, we insured the pandas against any accidental harm during filming.

(7) Insurance on shipping. In addition to the coverage of ocean shipping, we also insured the compensatory trade and joint fishing venture in Zhoushan, Guangdong and Fujian. We further expanded our activities to include foreign ferries and their passengers.

(8) Machinery damage insurance.

[Question] What is the scope of your business activities? What new features have recently been added?

[Answer] According to a resolution of the Government of the People's Republic, the Chinese People's Insurance Company was founded in 1949 as a state-run insurance company. Our policy is to "protect state property, insure production safety and promote the circulation of materials and the welfare of the people." This is the essential difference between socialist insurance and capitalist insurance which is aimed only at making a profit. The Chinese People's Insurance Company has gradually expanded its activities to meet various requirements. Our domestic activities mainly comprise insurance on material transportation; the means of transportation; personal safety; and the security of properties owned by the state organs, state-run enterprises, and the supply and marketing cooperatives at or above the county levels; the compulsory insurance for all passengers travelling by train, ship or airplane; and insurance for the property of diplomatic representations in China and foreign guests.

Besides the Chinese People's Insurance Company, there are also the China Insurance Company and the Taiping [Peace] Insurance Company, which are joint public-private ventures. The head offices af these two companies are in Beijing and their activities are confined to local business in Hong Kong, Macao, and Singapore through their respective branch offices.

Insurance business in foreign countries mainly involves:

(1) Insurance on imports and exports. To facilitate trading on the basis of equality and mutual benefit, and subject to the free choice of insurance

by the purchasing party, we offer insurance on import and export transportation. For imported goods, the choice is made by the purchasing party at home; for exported goods, it will be the privilege of the purchasing party abroad to make the choice. The Chinese People's Insurance Company offers insurance coverage on transactions between China and foreign countries to help develop foreign trade.

In order that insured foreign parties, whose goods have been damaged, can promptly apply for inspection and submit their claims, the Chinese People's Insurance Company has entrusted 283 inspection and claim handling agencies in the main ports of 95 countries with the responsibility of inspecting the damages and settling the claims on its behalf.

(2) Ocean shipping insurance.

(3) Aviation insurance on international flights and international reinsurance.

To meet the requirements of modern economic construction, we have provided facilities for the importation of whole sets of equipment, the processing of customer's materials, joint ventures, compensatory trade, installation and assembling equipment and technical cooperation. In order that losses to imported property and materials, bought with foreign currency, caused by possible natural disasters and accidents in the course of construction, installation or production, can be compensated in foreign currency, we are now opening the following fields of activities:

Complete sets of equipment imported and construction projects in our country undertaken by foreign factories or traders designated by us, (including those projects for which contracts with foreign countries have already been signed pending the arrival of goods), in the form of ordinary or compensatory trade, with state investments, or foreign loans or funds from overseas Chinese, should all be covered by insurance policies taken by the construction units with the local branch of the Chinese People's Insurance Company.

These policies should also cover the risks of installation and engineering projects (including the third party responsibility). Upon the completion and commissioning of the project, and after repaying the loans from foreign countries or overseas Chinese in money or in kind, if required, an insurance policy should still be taken against property and machinery damage.

When goods are being processed with materials and machinery supplied by foreign customers, these raw materials and the machinery should be covered by a property insurance policy. Efforts will be made to include a clause concerning the insurance on the transportation of the exported goods to be furnished by a Chinese insurance company.

In various types of joint ventures using Chinese and foreign investments and according to Article 8 of the "law of the People's Republic of China on joint ventures using Chinese and foreign investment", insurance policies appropriate to a joint venture should be furnished by Chinese insurance companies. During the stage of construction and installation, the joint venture should be insured against risks in construction and installation, including risks of damage to the machinery. Later, the joint venture can take other insurance policies covering the employer's responsibility and so forth, according to its requirements.

In order that our foreign exchange spent to import equipment can be recovered through compensatory trade, the premiums of the above policies should be paid in foreign currency, which should also be used in the settlement of claims. If a portion of the premium is paid in renminbi, then renminbi will be used in the settlement of a corresponding portion of claims.

Application for insurance policies can be handled in the insurance companies' local branches, and policies will be issued according to individual requirements.

[Question] Please tell me about the structure of the Chinese People's Insurance Company and its future tasks.

[Answer] The head office of the People's Insurance Company is in Beijing. It consists of a domestic department, reinsurance department, maritime insurance department, nonmaritime insurance department, management department, and planning, finance, adjustment and other departments. Along with the growth of business, the organizational structure has also grown rapidly. There are now 16 branch offices in such large regions and cities as Shanghai, Guangzhou, Fuzhou, Tianjin, Beijing, Talien and Qingdao.

Currently we are in constant possession of a huge reserve funds so we can settle even large claims at any time. The assets of the Chinese People's Insurance Company total more than 600 million yuan, which is adequate to compensate losses even from serious disasters. Our capacity as an underwriter is increasing every year.

For a fairly long period hereafter, our people's main task is to accomplish modernization. Our socialist insurance will continue to help develop our foreign trade as well as to restore the system of domestic insurance in order to implement the policy of serving production, the masses, foreign trade and the modernization, and to provide effective economic guarantee for the security for enterprise properties and the stable livelihood of the people. In accordance with the "law of the people's republic of China on joint ventures using Chinese and foreign investment" and the relevent agreements and contracts on economic and technical cooperation between China and foreign countries, we will strive to do a good job in insuring engineering and installation projects, compensatory trade and processing materials supplied by the customers. At the same time, on the basis of equality and mutual benefits, we will further develop friendly contacts with various insurance companies throughout the world.

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GENERAL ECONOMIC INFORMATION

JIANGSU SUPPORTS GUANGXI ECONOMIC CONSTRUCTION

HK081306 Nanning Guangxi Regional Service in Mandarin 1130 GMT 7 Jul 80

[Excerpts from poor reception] According to GUANGXI RIBAO, this region and Jiangsu Province have preliminarily agreed that Jiangsu Province will offer this region 177 support items in five fields. It has also been decided that Guangxi's Nanning, Liuzhou, Guilin, Wuzhou and Beihai municipalities will establish cooperative relations with Jiangsu's Nanjing, Changzhou, Wuxi, Suzhou, Nantong and Lianyungang municipalities. In accordance with the central authorities' instructions on strengthening the construction of the border areas in our country, Jiangsu Province is charged with the task of supporting this region's economic and cultural construction (?through cooperation).

A Guangxi regional delegation, with regional people's government vice chairman Huang Yun and regional people's government secretary general (Luo Ming) as head and deputy head of the delegation respectively, visited Jiangsu to learn from the province. The visit was primarily aimed at understanding conditions there, establishing contacts, learning from Jiangsu's advanced experiences, discussing some support items and laying a foundation for further carrying out study in the days to come and acquiring future support.

Leaders at all levels and the masses of cadres and people in Jiangsu Province have attached major importance to the regional delegation's visit and given the delegation a warm reception. They said: Jiangsu's support to Guangxi is not common cooperative relations. It is an important task of implementing the party Central Committee's strategic plan, strengthening the construction of the border areas, consolidating the national defense and protecting the four socialist modernizations. With regard to the demands and opinions put forward by the delegation, they expressed their determination to conscientiously study them, to settle as quickly as possible those questions that can be settled, to actively create conditions to accomplish what cannot be done for a while and to clearly explain why they are really incapable of accomplishing some tasks.

During the delegation's stay in Nanjing, Jiangsu Provincial CCP Committee First Secretary Xu Jiatun; Provincial Governor Hui Yuyu; Provincial CCP Committee Secretary and Nanjing Municipal CCP Committee First Secretary Chu Jiang; Provincial CCP Committee Standing Committee members Ding Keze and (Zhou Yifang) and other leading comrades called on and had cordial talks with comrades of the delegation in a guesthouse. Comrade (Zhou Yifang), provincial people's government deputy secretary general (Cai Suming), provincial planning committee vice chairman (Yu Guan) and responsible comrades of provincial committees, offices, departments and bureaus concerned discussed related matters with comrades of the delegation.

The delegation, accompanied by Comrade (Yu Guan), visiting Nanjing, Changzhou, Wuxi, Suzhou, Nantong and Lianyungang municipalities and Yangzhou, Zhenjiang, Suzhou and Nantong prefectures to learn from and establish contact with them. During the tour, the delegation visited over 100 units which are related to agriculture, the light and textile industries, engineering industry, building materials industry, finance and trade, urban construction, scientific research, education and public health.

Following its return to Nanning, the delegation reported to the regional CCP committee and the regional people's government on its visit. In accordance with Guangxi region's actual conditions, the delegation also put forward proposals for giving full play to the region's strong points, avoiding its weak points and quickening the pace of developing the light and textile industries. In accordance with the instructions of the regional CCP committee and the regional people's government, all departments concerned are carrying out the support items which have been decided on through consultation with Jiangsu, further studying the characteristics of this region's development of economic and cultural construction, studying Jiangsu's advanced experiences and discussing in a planned way matters related to Jiangsu's support to this region so as to step up this region's construction work.

CSO: 4006

GENERAL ECONOMIC INFORMATION

ZHANG JINGFU MEETS SCIENTIFIC EXPEDITION MEMBERS IN ANHUI

OW021836 Hefei Anhui Provincial Service in Mandarin 1100 GMT 2 Jul 80

[Text] Zhang Jingfu, Su Yu, (Yuan Zhen) and Yang Jike, responsible persons of the Anhui Provincial Party Committee and the provincial people's government, met the second group of experts and workers organized by the Chinese Scientific and Technological Association to conduct a scientific survey in Anhui on the morning of 1 July at Hefei's (Zhaoxiaolou) guesthouse. The group will be led by (Xie Donglai), director of the academic department of the Chinese Scientific and Technological Association, to conduct a scientific expedition in western Anhui on developing and utilizing natural resources.

Zhang Jingfu, first secretary of the provincial CCP committee and governor of Anhui Province, expressed his welcome and appreciation to the experts and workers who have arrived to conduct a scientific survey in the province. He said that the organization of experts by the Chinese Scientific and Technological Association to coordinate in sharing their experience with the province is bound to promote the study and application of science and the four modernizations in our province, and that he is willing to be their logistics officer to provide assistance to the survey.

Vice Provincial Governor Yang Jike briefed the experts on the situation of western Anhui Province. He said that western Anhui is endowed with rich natural resources, and that tapping the area's natural resources for all-round development of agricultural, forestry, animal husbandry, sideline occupations and fishery production in western Anhui Province is of great significance in accelerating Anhui's economic construction. He said that because of the interference and sabotage of Lin Biao and the "gang of four," there remain many unsolved problems in forestry, water conservancy and the farming system in the area, and that a survey by experts is badly needed to provide better answers to these problems.

Comrade (Xie Donglai) and expert (Liu Yangzhang) said that the group would exert every effort in cooperation and take a serious attitude toward their work to make the survey a success.

Present at the meeting were (Li Qingquan), secretary general of the provincial government; (Bai Yang), chairman of the provincial scientific and technological commission; (Wei Jing), vice chairman of the provincial scientific and technological commission; (Li Zhiming) and (Wang Jingta), vice presidents of the provincial scientific and technological association; and (Jiang Sheng) and (Chen Haibo), vice chairman of the provincial agricultural commission.

The survey group arrived in Hefei at noon on 30 June.

CSO: 4006

BRIEFS

BEIJING METROLOGY SEMINAR--Beijing, 23 Jun--China's first national economic metrology study class opened in Beijing 23 June. On the first day, 100 students listened to a lecture "Introduction to Economic Metrology" by (Kline), a professor of Pennsylvania University and noted economist. The students are from scientific research units, colleges and the metrological department. The class is sponsored by the Chinese Society of Mathematical Economics on behalf of the Chinese Academy of Social Sciences. Lectures on 20 special subjects will be presented at the class which will last about 7 weeks. Xu Dixin, vice president of the Chinese Academy of Social Sciences, attended and addressed the opening ceremony of the class today. [OW261319 Beijing XINHUA Domestic Service in Chinese 1438 GMT 23 Jun 80]

LIAONING ENTERPRISE MANAGEMENT--The Shenyang Municipal Enterprise Management Association was officially established in Liaoning Province on 19 June. Some 600 experts, scholars and managerial personnel attended the inaugural meeting. [Qian Guang], vice mayor of Shenyang Municipality and chairman of the Municipal Economic Commission, was elected president of the association. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 20 Jun 80 SK]

GUANGDONG SALT PRICE--Recently, with the approval of the Guangdong Provincial People's government and the central commodity price general bureau, the price of salt in the state and collective salt yards in Guangdong increased from 37 yuan 4 jian 2 fen to 51 yuan per ton effective 1 May. This is an increase of 36.2 percent over the previous price. At the same time, the Guangdong Grain Bureau has also increased the allotment of rice to salt producers. [Guangzhou Guangdong Provincial Service in Mandarin 1130 GMT 25 Jun 80 HK]

HEILONGJIANG LABOR MODELS--More than 30 noted Heilongjiang provincial labor models left Harbin for the Beidaihe resort 29 June. They will enjoy a recuperation holiday under the program sponsored by the Heilongjiang Provincial and Harbin municipal councils of trade unions. They will be staying in the workers' sanatorium at the Beidaihe resort. Before their departure, leading comrades of the provincial and municipal councils of trade unions hosted a reception for them. These comrades also saw them off at the Harbin railway station. [SK030827 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 29 Jun 80 SK]

HEILONGJIANG FACTORIES--To better meet the market demands, commercial departments in Heilongjiang Province have set up some 500 factories producing candy, confectionary and nonstaple foods. These factories employ some 50,000 workers and staff members and manufacture 400 million yuan worth of products each year. A recent provincial meeting on factories run by commercial departments called for more efforts in this regard so as to establish more such factories. In 1 or 2 years, the meeting urged, the annual output value of factories run by commercial departments should be brought to 600 million yuan. [Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 25 Jun 80 SK]

CSO: 4006

FINANCE AND BANKING

REPORT ON INTERVIEW WITH BANK OF CHINA OFFICIAL

Guangzhou NANFANG RIBAO in Chinese 1 Apr 80 p 1

[Article by NANFANG RIBAO correspondent: "Statement by a Responsible Person of Bank of China, Guangzhou Branch, on the Question of Foreign Exchange Certificates"]

[Text] A responsible person of the Guangzhou branch of the Bank of China spoke to our correspondent on certain questions concerning the issue of foreign exchange certificates.

He said that as of 1 April, the Bank of China's branches in Guangzhou. Zhujiang, Haikou, Shantou, Foshan, Zhanjiang, Zhaoqing, Shenzhen, Juhai, and Jiangmen will issue these certificates. Other branches and offices of the Bank of China will gradually follow.

He said that two measures have been taken to eliminate need to hold both these certificates and renminbi. First, a greater variety of supplies will be available in such places as stores and restaurants frequented by foreign guests, and every effort will be made to cater to the needs of foreign guests to the maximum extent, and thereby to earn foreign exchange. Secondly, epecially designated or fairly large state-run stores and restaurants are authorized to accept foreign exchange certificates, so that foreign guests need not carry both certificates and renminbi.

After the issue of foreign exchange certificates, will regular and special renminbi traveller's checks still be accepted in Friendship Stores, guest houses and other places which normally accept foreign exchange certificates? In answer, he said: "They can still be accepted."

Some foreigners, overseas Chinese, and Hong Kong and Macao compatriots obtained renminbi with their free foreign exchange during their stay in China shortly before the foreign exchange certificates were issued. If they need foreign exchange certificates, can they get them? In this respect he said that if anyone who has obtained renminbi with free foreign exchange within 3 months prior to the issue of foreign exchange certificates (that is, after 1 January 1980) wants to have his renminbi exchanged for foreign exchange certificate, he should do so before June 1980 by presenting his original "certificate of exchange" at the Bank of China's exchange centers.

Concerning the centers of exchange, he said: At present, aside from a small number of People's Banks authorized to do so, most banks do not handle foreign exchange certificates. Therefore, it would be best for visiting tourists to obtain their foreign exchange certificates beforehand in cities where there are Bank of China branches. In Guangdong, there are more than 30 such branches, and each one has a number of exchange centers. Therefore, it is still quite convenient.

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BRIEFS

LIAONING SAVINGS DEPOSITS--Liaoning Province had already overfulfilled this year's plan for savings deposits in urban areas as of the end of May. The total amount of savings deposits was 30 percent more than the corresponding 1979 period. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 25 Jun 80 SK]

CSO: 4006

FUELS AND POWER

'SICHUAN RIBAO' ARTICLE ON ELECTRICITY PROBLEMS

HK040116 Chengdu SICHUAN RIBAO in Chinese 16 Jun 80 p 2

[Article by Wu Jinlu [0702 6855 7120]: "Proceed from Reality and Make Effective Use of Electric Power"]

[Text] Electric power is one of the important sources of energy. Insufficient electric power has become the prominent contradiction of national economic development in Sichuan. How to make the best use of the limited electric power is now an important topic which deserves our serious study, to find a solution.

There has been tremendous development of Sichuan's power industry since liberation. However, due to the incessant demand for electric power in national economic development, the development of the electric power industry in the province has failed to meet the demands of national economic needs. In particular, since the "gang of four" was smashed, the contradiction of insufficient electricity has become daily more evident as industrial and agricultural production gradually started to return to normal. During the 1978 dry season, there were shortfalls of 300,000 kilowatts in generator load and 600 million kwh in power generation on the major grids, which caused a loss of 1 billion yuan in industrial output value. In 1979, there were shortfalls of over 400,000 kilowatts in generator load and 800 million kwh in power generation on the major grids, causing a loss of 1.3 billion yuan in industrial output value. It is estimated that in the dry season this year there will be shortfalls of 600,000 kilowatts in generator load and 2.07 billion kwh in power generation. This is currently an extremely prominent issue in economic construction.

We should pay special attention to the contradiction of insufficient electricity which cannot be solved for a considerably long period of time in the future, because there are still lots of problems to be solved in electric power capital construction. Whereas at present not many projects are underway and it is estimated that the capacity of hydroelectric and thermal electric power generators to be installed before 1982 will only be 270,000 kilowatts, this increased energy is not enough, while demand for electricity in industry and agriculture becomes ever greater. If we do not pay sufficient attention to this problem, then the development of industrial and agricultural production is bound to be affected.

Of course, the fundamental way out for solving the problem of insufficient power sources lies in exploiting new power sources, and installing more generator sets. Sichuan is very rich in hydropower resources, possessing about one-quarter of all the hydropower resources in China. At present, only 2 percent is exploited. In the future, we must put emphasis of Sichuan electric power construction on developing hydroelectricity. Furthermore, we must consider this and set to work as soon as possible. However, in view of the various problems involved in the construction of power stations, the long construction period, and the inability of distant wanter to quench present thirst, at present and in the coming period we should proceed from the actual situation of electric power resources in Sichuan to solve the contradiction of insufficient electricity, and make full and rational use of existing electric power.

A very prominent characteristic in the Sichuan electric power industry is that the proportion of hydroelectricity and thermal electricity is 50:50. On the major grids, hydroelectricity only accounts for 52 percent. However, except for Changshou power station and Shizitan reservoir which possess regulating capacity, all the hydroelectric stations are direct-flow stations which depend entirely on rainfall, and can only gradually operate at full capacity during the wet season from May to November. During the wet season the power generated from hydroelectric stations is about twice as much as in the dry season. In addition, the total thermal electricity generation is about 25 percent more in the dry season. Therefore, there is sufficient supply. However, during the dry season from December to April of the next year, the power generated by hydroelectricity is low, thus thermal electricity is the major source. Apart from the capacity reserved for emergency usage, checking and repairing, the total capacity is lower than in the wet season. During the dry season, there is a shortage of electricity. In order to generate more, thermal electricity is very often too fully utilized to the extent that there is not even a minimum sufficient reserve. This is the reason why there is a shortage of power in Sichuan during winter but an abundant supply during spring. The electric power departments should consider the actual situation and establish a rational economic system. During the wet season, hydroelectricity should be fully utilized while thermal electricity is not used or undergoes repair; during the dry season, thermal electricity should be used instead and hydroelectricity should not be used or should undergo repair, so as to fully utilize the energy resources of hydroelectricity and thermal electricity and try our best to generate and supply more.

However, the present situation of electricity demand and supply is just the other way around. Usually the power load is highest in the first and fourth quarters: The industrial departments often work to "make a good start" in the first quarter, but have to hurry up in the fourth quarter. Moreover, during the fourth quarter, the electricity generated is the least. Therefore during the dry season, electric power is in particularly great demand. Take last year as an example: in the first quarter, the dry season, the major grids needed a load of about 2 million kilowatts, but the actual electric power generated was about 1.5 million kilowatts; however, during the wet season the generating capacity can be as much as 2 million kilowatts. But many consumers especially the metallurgy and chemical industries and other industrial consumers use much less power then, and the maximum daily power load is about 1.8 million kilowatts. [HK040321] As we all know, production of electric power is very different from other industries, since its products cannot be stored. Production, supply and marketing are completed simultaneously in an instant. The present situation of short supply in winter and abundant supply in spring cannot be changed in a short period of time. Therefore, under present conditions, we must proceed from the actual situation of electric power resources, carry out unified and centralized management of the power grids, try our best to achieve overall balance, and systematically and rationally use electric power in order to insure the sustained growth of the national economy in Sichuan. Since the beginning of last year, Sichuan has gradually strengthened centralized management and unified control of the grids. The province and the Ministry of Power Industry have treated the provincial electric power industry bureau as a unit for assessment. The total value of electric power output and the plan of eight economic and technology indices are only checked in the provincial bureau, not in the individual electric power enterprises in different areas (all electric power enterprises are internal assessment units of the provincial grid bureau). This has created the preconditions for the provincial grid bureau to carry out centralized management and unified control. We have signed agreements according to the relevant regulations with local small power stations, and instituted unified control of hydroelectric, thermal and self-providing power stations that are incorporated into the national power grid. The result is very good. By the end of 1979, local small hydroelectric and thermal power stations that could be incorporated into the grids already accounted for 28 percent of the total installed capacity.

Comrade Zhao Ziyang pointed out, "The pattern of power supply in Sichuan is that there is a shortage in spring, and this cannot be changed within a short period of time. Therefore, it not suitable to set off with a good start in the first quarter. Cannot we do maintenance of equipment and production preparation in the first quarter, and try our best not to do these things in the second, third and fourth quarter?" It has been proved by facts that his view is absolutely accurate, according to the statistics of 42 big industrial consumers. Last year, because we tried our best to arrange maintenance of equipment and launch production preparations during the dry season, there was a big increase in production and power consumption in the wet season. During the wet season, there was an increase of 100,000 kilowatts in load every day and an increase of about 2 million kwh in generation, while power utilized increased by more than 20 percent. June was the month of highest powerload; the major grids at one time reached a load of 1.7 to 1.8 million kilowatts, with a maximum of 1.84 million. Daily generation was 37 to 38 million kwh, the highest level in history. The Emei ferroalloy plant quintupled its power consumption, Changcheng steel plant increased consumption by 70 percent, military industrial enterprises increased consumption by more than 30 percent, and chemical industry enterprises raised it by more than 20 percent. Thus, power was fully utilized and there was better development in production.

This year, the industry and communications front has extensively launched projects for increasing production and practicing economy, and worked hard to increase income and economize expenditure, and the demand for electricity has relatively increased. We hold: Electric power is abundant during the wet season which is a precious opportunity that comes once a year; it is also a very precious "golden" period for fulfilling industrial production plans. We should not slip the opportunity, for it may never come again. All industrial departments, especially metallurgy, machinery, military industry, repair and assembly, chemical industry and other industrial enterprises should proceed from the practical viewpoint, conform to the pattern of electricity supply and break free from conventions. During the dry season, they should take the initiative to yield electricity to agriculture and light industry, and actively arrange maintenance of equipment, make preparations for production in advance and create conditions for organizing a big increase in production during the wet season. During the wet season, we should make use of the superior feature of abundant electric power, bring the production capacity into full play to fight against high temperature and strive for high output, do all we can to gain the initiative and guarantee to fulfill in an all-round way the national plan; or produce more finished products or semi-finished products in order to make good preparations for production in the second half of the year.

With regard to the distribution of electric power, we must persist in implementing the policy of agriculture, light industry and heavy industry, guarantee the key sectors and supply electricity in priority. We should guarantee the supply of electricity to agriculture and light industry during the wet season as well as the dry season, and we must guarantee this all the way. In particular we must supply power whenever it is needed for agriculture and in regions served by the national power grid. As for enterprises given priority, we should also guarantee sufficient supply for them and should not neglect them. When there is insufficient electric power, we should stress agriculture instead of industry, light industry instead of heavy industry, products in short supply instead of those in ample supply, and superior instead of inferior, avoid peaks, arrange electric supply in valleys and take other measures so that consumers can efficiently arrange production.

[HK040323] To economize electricity is an important way to rationally utilize electric power resources. Electric power is transformed energy, and economizing electric energy is actually economizing coal and hydropower energy. Therefore, we should pay attention to economizing not only when there is insufficient supply of electricity but also when the supply is sufficient, and try to utilize it efficiently. In 1979, Sichuan economized 670 million kwh, which can produce 900 million yuan worth of industrial output. In the first quarter of 1980, there was a drop of electric power consumption compared to the same period of 1979, with a total savings of 80 million kwh. However, waste of electric power resources is still very serious, and there is great potential for economizing electricity. Every 100 million yuan worth of industrial output consumed more than 68 million kwh of power in the first quarter of 1980 in Sichuan, which is still higher than other provinces and municipalities. The value of output produced per kwh in Sichuan is only equivalent to one third that of the east China region. According to 67 major industrial products and 391 statistics of power consumption, only 53 and 58 percent respectively were better than previous good levels in Sichuan. Therefore, we still have a long way to go, compared with the advanced levels in Sichuan history of other advanced regions. In 1980, Sichuan proposes to economize 480 million kwh of electricity. So long as all trades and professions attach importance to the work of economizing energy, extensively launch efficient energy economizing measures, and try hard to lower power consumption, then it is absolutely possible to increase production by practicing economy.

CSO: 4006

FUELS AND POWER

BRIEFS

COAL AND POWER OUTPUT--Hong Kong, ZHONGGUO XINWEN disptach from Beijing, 1 Apr--Since the beginning of this year, both the coal and power industries have carried out readjustments. Through the first quarter, all production units under the control of these two departments gained remarkable results in production. In the first quarter, the national output of raw coal overfulfilled the state plan, and [output of] raw coal and tunneling footage of coalmines of unified allocation fulfilled the state plans ahead of schedule by 2 and 7 days, respectively. Tunneling footage increased by 65 percent in comparison with the same period of last year. The output of washed and selected coal and the delivery of anthracite lump coal also overfulfilled the plans. In the mining bureaus of Datong, Xishan, Xinmi, Hegang, and Huaibei, the average monthly output of every coal face increased by over 5 percent in comparison with the same period of last year. China's power industrial departments produced 71.7 billion units of electric power in the first quarter of this year, generated 3.73 billion more units of energy than called for in the plan, and showed a 29.4-percent increase over the same period last year. [Text] [Hong Kong ZHONGGUO XINWEN in Chinese 2 Apr 80 p 1] 9039

SHANXI COAL PRODUCTION--Hong Kong ZHONGGUO XINWEN dispatch from Taiyuan, 1 Apr--For 3 years, since the "gang of four" was crushed, Shanxi Province's output of raw coal has continued to rise. In 1979, the province produced a total of more than 107 million tons of raw coal, showing an increase of more than 30 million tons over the 1976 figure. In the past 3 years, the province shipped a total of more than 147 million tons of coal--over 30 million tons more than that shipped out in the 3 years from 1974 to 1976. Shanxi Province is rich in coal deposits, the quality of the coal is fine, and the output of coal constitutes one-sixth of the total output of the whole country. In the past 3 years, all coalmines in the province raised continuously their standard of mechanization. According to statistics, among some 360 faces in the 62 pairs of shafts of coalmines of state unified allocation throughout the province, some 160 faces have used machinery to cut coal, including 26 faces employing complex excavators. The high standard of mechanization has promoted the increase of the output of raw coal. The No 1 team of No 2 mine of Yangquan Mining Bureau employed

Chinese-built complex excavators for the extraction of coal, and produced more than 550,000 tons of coal last year alone. This figure appraoches the coal output of a medium-size mine. [Text] [Hong Kong ZHONGGUO XINWEN in Chinese 2 Apr 80 p 1] 9039

QINGHAI WATERPOWER RESOURCES--Qinghai Province is endowed with abundant waterpower resources. According to statistics, there are 166 sites across the province where it is possible to build hydropower stations with an installed capacity reaching 47.98 million kilowatts. The waterpower surveying and project designing institute of the provincial water conservancy bureau recently made public a surveying report on the provincial waterpower resources. This report revealed that potential provincial waterpower along the four major provincial rivers, the Huanghe, Changjiang Lanchangjiang and (Mulu) rivers, is 21.65 million kilowatts. The Huanghe River's potential waterpower is the largest among the four major rivers. The Huanghe River's capacity in Qinghai alone is estimated to be 13.63 million kilowatts. This is one-third of the total potential waterpower along the Huanghe River. [SK270749 Xining Qinghai Provincial Service in Mandarin 1100 GMT 23 Jun 80 SK]

HUNAN ELECTRICITY--The rainy season arrived early and is now basically at an end. Because of this, electricity from the main hydroelectric power stations in the province has gradually declined. According to meteorological forecasts, a serious drought may occur in summer and autumn. If a drought occurs, electricity consumption in the countryside to resist drought will gradually increase. Electricity consumption in the eastern area of Hunan is very uneven and the difference in electricity consumption between daytime and midnight is 200,000 kilowatts. [Changsha Hunan Provincial Service in Mandarin 2315 GMT 23 Jun 80 HK]

BEIJING COAL GAS--Beijing, June 27--Today's BEIJING DAILY frontpages a proposal for an economic way to popularize the use of gas stoves in every Beijing household in three years. More than 60 per cent of the residents in Beijing now use coal gas or liquefied petroleum gas for cooking. But out of the 1.2 million families in the city, more than half a million are still using coal stoves. Beijing requires 16 million tons of coal annually, but the heat utilization rate of coal is only around 30 per cent. Some 200,000 tons of soot and 300,000 tons of sulphuric dioxide are discharged into the air every year, causing serious pollution. Coal gasification could enable the city to greatly alleviate pollution and to raise its heat utilization rate for coal from 30 per cent to 45 per cent within a year and a half. The Beijing coking plant is a big producer of coal gas with medium heat value, and uses one million cubic metres each day. [Technician] Ji Keda called for an investment of 470 million yuan to produce 33,000 million cubic metres of low heat value coal gas. This could save the equivalent of five million tons of coal or 500 million yuan of investment for construction of coal mines to produce that amount of coal. [OW271315 Beijing XINHUA in English 1223 GMT 27 Jun 80 OW]

CSO: 4020

MINERAL RESOURCES

BRIEFS

ANHUI NATURAL RESOURCES SURVEY--The China Scientific and Technical Association is assisting Anhui Province in surveying coal and other natural resources in the province. The first group of experts from the association arrived in Hefei from Beijing on 25 June. The experts will join local scientific and technical personnel in studying how to develop and use the coal resources in Huainan and Huaibei and other natural resources in the western part of Anhui. They will also conduct field studies on five major reservoirs in areas north of the Dabie Mountain and on the Pishihang irrigation zone. The survey will take about 3 months. The experts will make recommendations, based on the survey, to the Anhui Provincial Party Committee and various central departments concerned on the development and use of Anhui's coal and other natural resources. Twelve societies under the China Scientific and Technical Association are taking part in the survey. [OW271225 Hefei Anhui Provincial Service in Mandarin 1100 GMT 25 Jun 80]

CSO: 4006

HEAVY INDUSTRY

REORGANIZATION, SPECIALIZATION OF MACHINE BUILDING ENTERPRISES ADVOCATED

Beijing RENMIN RIBAO in Chinese 12 May 80 p 5

[Article by Yan Qiushi [0917 3061 1395]: "Promote Reorganization and Apecialization of Machine Building Enterprises During Readjustment"]

[Text] The establishment of the four modernizations requires that the machine building industry provide large quantities of high quality, low price technological equipment. If a rapid change is not made in the current situation in which both large and small enterprises engaging in all stages of production and duplicate each other's output and construction, it will be very hard to adjust to objective needs. Accordingly, an important task faced by the machine building industry is that of energetically pursuing reorganization with specialization during the course of the economic readjustment.

The reorganization of the machine building industry on the principle of specialization and cooperation is a necessity for technical progress, a necessity for expansion of the number of varieties, and a necessity for continuous improvement of economic results.

The history of the machine building industry's development makes it clear that progress in production technology is always accompanied by increasingly fine division of labor and cooperation and production specialization. Since the machine building industry developed into an independent industrial department, it has passed through the following developmental process: initially, a machine building plant could produce both automobiles and textile machinery and the like, in so-called "primitive industrialization"; next, the industry developed to the point where some plants specialized in producing motor vehicles, some specialized in producing textile machinery and some specialized in producing machine tools, the so-called "category specialization"; thereafter, among plants which were all engaged in producing machine tools, some concentrated on grinding tools and some on milling tools: the so-called "product specialization; following the Second World War, industrially developed nations rapidly went from product specialization to component and technology specialization. One machine, particularly a product suited to large-lot production, no longer was produced entirely by a single plant, from blank production through machining of parts to heat treatment, but was produced by several plants in cooperation, each producing certain parts. This change in the direction of division of labor in production organization was entirely aimed at adapting to the needs of technical progress. Otherwise, it would not be possible to organized concentrated large-scale production of similar parts with similar structure and similar production technology for different products produced by different plants, nor would it be possible to use such advanced technological facilities as high output specialized equipment and automated production lines to effect a large increase in labor productivity.

As an example, consider iron castings: one modern automated casting line can produce up to 30,000 tons a year of medium and small size castings. But most machine building plants only require a few dozen, a few hundred or at most a few thousand tons. Clearly, only by organizing centralized production of castings needed by many plants is it possible to bring into play the effect of these advanced technological facilities. However, currently 80 percent of this country's machine building plants have their own casting shops, which produce the castings needed by the plant on a piecemeal basis. Because the production lots are small, and only backward production technologies, or even basically manual operations, are used, labor productivity averages less than 7 tons per worker per year. But because the level of specialization of the industrially advanced countries is high and they use automated and semiautomated equipment, the production technology is advanced and labor productivity is generally 50 to 60 tons per worker per year, 7 to 8 times the figure here. If this situation is not changed, how can we adapt to the requirements of the four modernizations?

Organizing parts and components specialization and technological specialization will be extremely advantageous for expansion of the number of products of the main machine building plants and for adaptation to society's proliferating requirements. This is of especially great importance at present. Construction for modernization requires that the enterprises supply an extremely wide variety of products, and if a plant can only produce a small number of varieties it will be quite unable to adapt to these needs. On the basis of society's needs, it within a certain range of organize production of a large number of varieties, and cold and hot working and production of a large variety of parts are all done by the plant in question, difficulty will be experience [illegible] of these areas. The point is quite clear: a Jiefang motor vehicle has more than 1,100 parts, while an ordinary Longmen planer has more than [illegible],000, and if both of these are made by a single plant, adding one product requires the production of several thousand new parts. Thus it is no wonder that some enterprises, faced with the ever-proliferating needs of the market, are stymied and complain endlessly. What is the way out? If is energetic promotion of component specialization and technology specialization. In the industrially advanced nations, 70 to 80 percent of the parts of a complete machine are furnished by specialized parts producing plants, and accordingly the major machine plants can increase the number of new varieties very flexibly and swiftly. Currently, this country's machine building industry is largely in the product specialization stage. Experience has already made clear that this product specialization is in contradiction with the production of a multiplicity of products, while component specialization and technological specialization are inseparably bound up with the production of a multiplicity of products. If we want to adapt to society's extensive and variegated needs, we cannot stop in the product specialization stage, but must advance to a new and higher stage of development.

In order to improve our economic performance steadily, we also need a major effort to promote reorganization with specialization. Whenever reorganization work is done well, even after a short time clear economic results are achieved. In 1978, the Anyui Province Machine Building Bureau organized 15 cooperating specialized plants concentrating on casting, forging, stamping, hot working and the like, producing excellent results. One casting and forging plant increased its personnel and plant buildings slightly and more than doubled its output. The Beijing Machine Building Bureau reorganized four small electrical machinery plants under its jurisdiction which were engaged in all stages of production into four overall assembly plants, three parts specialization and technology specialization plants, and two support plants, an even more rational arrangement, and last year's output and profits were both up more than 30 percent. The Tianjin City No 1 Machine Building Bureau organized its decentralized equipment repair facilities, reinstated its main equipment repair plant and increased its repair capacity by 45 percent, while the range of spare parts produced was increased by more than 340, yielding a sixfold increase in efficiency.

Reorganization of the machine building industry on the principle of specialization and cooperation has already been under way for more than two years. How can we do even better? We must sum up the lessons of experience.

We must make improvement of economic results the aim and principle of our reorganization work. This means that when drawing up reorganization plans or programs, we must make a specific analysis and precise calculations of whether they will increase economic performance and how good economic performance will be. At present some units admit that the reorganization should be implemented in terms of increasing economic performance but make no calculations about economic performance before going into action, instead taking a "cross-that-bridge-when-we-come-to-it" attitude. They seem not to know that if their point of departure is incorrect their objective will not be assured. Some others reorganize for the sake of reorganizing and have not conscientiously considered economic performance, so that when the "reorganization" has been completed labor productivity and product quality actually fall.

The principle of "harmonization of interests" should be made a basic principle of reorganization work. Reorganizing the machine building industry on the principle of specialization and cooperation involves a wide range of interests: those of the state and the area, the province and the localities and municipalities, and administrative organs and the enterprises, and the like. If we ignore harmonization of interests and force through a reorganization by means of administrative orders, we will inevitably create resistence and harm the smooth progress of reorganization. If we painstakingly investigate the interests of all parties so that everyone gains some benefit from the reorganization, the results of bearing plants into a bearing company will make the problem clear. Because the province's bearing production plants were scattered, there was much redundancy, technology was backward and losses were widespread, it was decided to reorganize into a bearing company and organize division of labor and cooperation in keeping with the requirements of specialization. Initially it was planned to bring the local bearing plants under provincial control and achieve the "sixfold unification" of personnel, finances, material, production, supply and sales. But because there were contradictions with local and municipal interests there was great resistance. They began deliberations in 1978, but by the end of 1979 they still had not worked matters out. Then they changed to a provincial and locality-municipality joint management approach to running the company, and calculated "shares" on the basis of the net value of the fixed capital belonging to each of the bearing plants which were part of the company; profits were then apportioned according to the shares. At the same time, the leading departments of the province and the localities and municipalities jointly organized a management committee, and all parties concerned had the right of participating in policy making. In this way the interests of all parties were harmonized and progress was much smoother. Bylaws have now been drawn up and action has been begun.

The main technique of reorganization should be the equipping of plants specializing in components and technologies with advanced facilities so as gradually to replace decentralized and backward production points. Currently some units carry out reorganization by decreasing the number of main machine building plants. This approach involves two problems. One is that it is difficult to achieve economic results. If the number of main machine building plants is decreased and if the specialized plants are not greatly developed, the remaining main machine plants will still engage in all stages of production whether they are large or small, and the economic performance will not show a marked improvement. Second, it is difficult to harmonize interests. Particularly in such facilities as motor vehicle plants, which are needed in all regions and for which the state cannot carry out satisfactory distribution, under these circumstances there will be great resistance no matter what localities are told to stop production. However, if specialized plants producing automotive parts are developed, and good quality parts are supplied for assembly in the various locations, they will naturally replace the parts produced by the main machine plants themselves, and specialization will result in the course of development. This approach is advantageous to everyone, and is much more in accordance with economic laws than simply relying on administrative orders and on rigid demands for main machine plants to cease production.

The spreading out of parts and components production should be coupled with organization of concentrated production of parts and components of the same type and with technological transformation of the plants. Some main machine building plants have farmed out a quarter of their parts and components, with the result that not only have costs failed to drop but they have actually increased, and quality has not only not been raised but has actually fallen. The reason is that they have not succeeded in linking together these two factors. After the parts and components have been farmed out, if the size of the production lots is not increased and the production technology is not upgraded, the economic effect naturally cannot be improved. Production specialization is linked to production socialization. The specialized parts and components plant should not cooperate with a single main machine building plant, but should be oriented towards society and should cooperate with several main machine building plants in meeting various needs (making up of sets, maintenance), for only in this way can it move from small lots to large lots, use high output specialized equipment, and be able to effect a large increase in economic effect and labor productivity.

Judging from the current situation, the existing management system is a great hindrance to developing specialized production. The materials and products distribution system, the finance, pricing and tax system and the enterprise system of management strictly by the book are all unfavorable for breaking out of area and industry boundaries and organizing specialized large lot production of parts and components. Accordingly, reorganization must be coupled with reform if we are to make rapid progress.

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CSO: 4006

TIANJIN INDUSTRIAL WORKERS DEMAND SOLUTIONS TO PROBLEMS

OW070931 Beijing XINHUA Domestic Service in Chinese 0225 GMT 7 Jul 80

[Letter by XINHUA reporter Yang Jisheng: "Staff and Workers at the Dagang Industrial Zone Urgently Demand Solutions to a Number of Difficult Problems in Their Daily Lives"]

[Summary] Tianjin, 7 Jul--"A long line stretching dozens of meters into the street has formed in front of a butcher shop in a densely populated housing area in Tianjin's Dagang industrial zone. People are talking and swearing. A worker complained to this reporter: Sometimes the meat we get is rotten owing to a lack of refrigerated storage.

"The Dagang industrial zone in Tianjin has an industrial population of 110,000. It is China's major petrochemical industrial base. Many big plants have been constructed here in recent years, but construction on life-related projects has dragged. Workers cannot concentrate on their jobs because they have too many things to worry about. The contradictions are highly acute."

People in this industrial zone experience difficulties in almost every aspect of their daily lives. Problems such as inadequate water supply, cooking fuel shortages, scarce consumer goods, a lack of service centers, insufficient means of transportation, inadequate medical service and a lack of facilities for recreation and cultural activities have greatly affected the workers' labor initiatives. Some staff and workers are not enthusiastic about their jobs. New factories have difficulties obtaining experienced workers from outside the zone.

"A major cause of poor living conditions in the industrial zone is the fact that life-related construction lags behind production-related construction. During the last 6 or 7 years the area devoted to industrial projects has totaled more than 300,000 square meters, but very few projects related to people's lives have been completed. The original plan called for the construction of 42 commercial projects with a total area of 41,000 square meters, including a commercial retail department, refrigerated storage and a repair service building; but only 5.16 percent of these projects have been completed thus far. And no projects related to public health or culture have been constructed. Staff and workers here are urgently demanding the leadership of departments concerned to quickly resolve these problems lest they become a burden to industrial growth.

CSO: 4006

HEAVY INDUSTRY

BRIEFS

U.S. TECHNICAL LECTURERS--The training class for automatic meters and instruments on imported chemical engineering equipment came to a close on 28 June at the Nanjing oil refinery. The class, sponsored by the Ministry of Chemical Industry, lasted 2 and 1/2 months. Three experts from an American firm lectured to the class which was attended by more than 100 engineering and technical personnel from 53 designing, engineering and production units of the chemical engineering and petroleum industries. Some faculty members of the Zhejiang University also taught at the class. [OW010631 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 28 Jun 80]

GUANGZHOU INDUSTRY EXHIBITION--The mechanical and electrical products exhibition jointly held by Shanghai, Tianjin, Beijing, Xian, Shenyang, Chongqing and Guangzhou municipalities is being held in Guangzhou from 24 to 28 June. The commodity departments are holding the exhibit to enliven the commodities. Some 200 products including electrical and mechanical machines, tools, bearings, meter instruments and factory and mining equipment are on display. Many of these products are in short supply. They are urgently needed for industrial and agricultural production. Some of these products are in excessive supply in one city, but in short supply in another. On the first day of the exhibition, 2,200 people visited, netting transactions worth 928,000 yuan. [Guangzhou Guangdong Provincial Service in Mandarin 2345 GMT 25 Jun 80 HK]

ZHEJIANG METALLURGICAL INDUSTRY--In the first 5 months of this year, total output value of the metallurgical industry in Zhejiang amounted to over 300 million yuan, an increase of nearly one-third of last year's figure. In the past 3 years, output and output value of the metallurgical industry of the province have registered steady increases. Since 1977, Suichang gold mine has produced more than 10,000 liang of gold. From January to May this year, this old gold mine turned out more than 5,000 liang of gold. [Beijing Domestic Service in Mandarin 0400 GMT 27 Jun 80 OW]

CSO: 4006

LIGHT INDUSTRY

TAPPING POTENTIALITY OF LIGHT INDUSTRY URGED

Beijing RENMIN RIBAO in Chinese 11 Apr 80 p 5

[Article by Lü Lüping [0712 1774 1627]: "The Question of Tapping the Potentialities of Light Industry"]

[Text] For many years, light industry has been a weak link in our national economu. To accelerate the development of light industry is one of the important tasks in readjusting our national economy. How do we accelerate the development of light industry? This is the same as the development of production of other industrial departments. Fundamentally speaking, there are only two ways: one is to make investments in capital construction; the other is to tap the potential of existing enterprises. At present, the work of readjusting the economy is in progress. To push light industry forward speedily and to help it achieve fairly great progress, in addition to properly enlarging the proportion of the investment in light industry, thus changing the current imbalance between light and heavy industries, we should also pay serious attention to the problem of tapping the potential of the existing light industrial enterprises. Placing emphasis on this question at present is of unusual importance.

1. Ours is a big country with a large population but a very poor foundation to start with. Within a given period of development, the scope of state investment in light industry is restricted by the standard of national income, it cannot increase very much, and only by making a stand on the tapping of potential, renovation, and reform can it cope with the conditions of national finance.

2. Our country's present supply of principal light industrial products cannot meet the general demand for the most part, and the contradiction between production and requirements is fairly prominent. For instance, the output of paper is one-third short of the demand; one-third of the supply of sugar depends on imports; the output of articles used for washing is only one half of the required quantity; the consumption per capita of textile fibers is below the world average by 40 percent; and such products as sewing machines, bicycles, shoes, wines, electric bulbs, and furniture are generally in short supply. With the rising purchasing power in cities and rural areas, a strained contradiction between supply and demand has

emerged, and the trend is becoming worse. To solve this contradiction, no doubt we must build some new enterprises; however, the construction of new enterprises must always take a certain period of time. For example, construction of a paper mill with an annual output of 50,000 tons will require about 5 years. Even for the construction of a small light industrial factory, it won't do if we do not have 2 years. Therefore, to alleviate the contradiction between the supply and demand of light industrial products, we must take into consideration the question of tapping the potentialities of the existing light industrial enterprises.

3. Our country is undertaking the construction of the four modernizations and is urgently demanding that the standards of cadres in technology and management be raised. This is especially important as far as light industry is concerned. At present, in the system under the Ministry of Light Industry, the total number of personnel is 10.45 million, but the proportion of technicians is far below the average of 3 percent of the national industrial system. Compared with foreign countries, the gap is even far greater. There are more medium-size and small enterprises in the light industrial sector, their fundamental management is poor, and they generally lack the specialized managerial personnel of functional departments of accounting, statistics, planning, and labor. The weak technical and managerial capability in the light industrial sector seriously affects the application of new technology and the extension of modern administration. To change this situation, while grasping the training of professionals we must elevate the standards of the present personnel in production techniques and economic management through strict tempering of actual production and work. By doing this, there will be a solid foundation for training talent. It can be seen that, with a view to carrying out the modernization of light industry, we must also pay full attention to the question of tapping the potential of the existing light industrial enterprises.

Tapping the potential of existing light industrial enterprises is not only extremely necessary but also a very great practical possibility. Our country's light industry developed from the extremely backward basis of old China's economy. The standard of enterprise management was originally not high, and especially in those years when many light industrial enterprises suffered the interference and sabotage of the ultraleft line of Lin Biao and the "gang of four," their methods of management not only made no progress but even went backwards, so that a large number of technical and economic targets have not yet attained the best level in history. For instance, among more than 100 large and medium-size papermaking industrial enterprises, the total labor productivity of 70 enterprises did not reach even their own past best level in recent years. Among our country's 38 large and medium-size cigarette factories, the rate of utilization of tobacco leaves per case of cigarettes in 25 factories did not reach the past best level in recent years. And, according to statistics of some 80 large and medium-size sugarmaking industrial enterprises having past records for comparison, in recent years the norm of coal consumption per 100 tons of sugarcane or per 100 tons of sugarbeet has reached past best levels in only some 30 enterprises. Among different regions and different enterprises, there are conspicuous gaps in economic results. For instance, in 1979 the average profit of the output value of all state-run light industrial enterprises in the country was 12.38 percent. That of the Shanghai Municipal Light Industry Bureau system was 25.27 percent; however, some cities with comparable conditions made only 15 to 17 percent, and some provinces even achieved only 2 to 4 percent. If they are compared with the production level of foreign countries, the gap is even far greater. From the foregoing statement, it can be seen clearly that there is a lot to do in tapping the potential of existing light industrial enterprises.

In the current work of tapping the potential of light industry, while adopting measures in various fields we must put the stress on coordination of the proportionate relations among various links of production and circulation in the light industry, in connection with the readjustment of light industry, and strive to tap the potential of and gain [illegible] from the coordination of proportionate relations.

To tap the potential of the coordination of proportionate relations, we must first patch up and fill in the gaps to eliminate some "bottleneck" working procedures or equipment, and bring into line proportionate relations among all links of production within light industry. Our light industry is an industrial sector with a very poor foundation. The whole system of 70,000 enterprises possesses only 19 billion yuan in net fixed assets; on average, each enterprise has only a little over 270,000 yuan. Furthermore, the depreciation rate for fixed assets laid down by the current financial system is too low; in addition, during the development of the national economy, for many years we unduly followed the policy of "taking steel as the key link," and state investment in the light industry was very small. Consequently, many lines of trade have fairly general problems of obsolete equipment, crowded factory premises, and a productive capability imbalance among workshops and between working procedures. This situation seriously affects the ability of production to play its role. According to information, the papermaking industry needs only some additional equipment for making pulp; with this item alone, the industry can boost the output of paper by 10 percent. The Shanghai Wrist Watch Factory needs only to raise 6.5 million yuan of funds to make up a part of its key equipment and rebuild its workshops; then, every year the factory will be able to turn out 1 million more calendar, double-calendar and automatic calendar watches and also earn tens of millions of yuan in profit for the state. Therefore, to accelerate the development of light industry, we must pay attention, in the course of tapping potential, to the coordination of proportionate relations among the various links of production, and concentrate the present limited funds and materials for reform to patching up and filling in the gaps of existing enterprises, in order to strengthen quickly the comprehensive productive capability of light industry.

Next, with regard to raw and other materials and energy, we must vigorously practice economy and use substitutes, try by all means to tap potentialities in all fields, and do a good job in coordinating the proportionate relations between the capability of supply and the capability of production. Light industry is a processing industry which needs raw and other materials and energy sources provided by agriculture and the heavy industrial sector. This explains why, in order to carry out effectively the work of tapping potential, it is necessary not only to do a good job of coordinating the internal proportionate relations among various links of production but also to insure that the supply of raw and other materials and energy can cope with [development]. At present, for the products of the light industrial system, the supply of both agricultural and industrial raw materials is inadequate. According to information, in recent years the distribution of timber has reached only 86 percent of the amount required. Due to the short supply of sugar and of cowhide, only 80 percent of the productive capability of the sugar-making industry and only 62 percent of that of the leather industry is utilized. There are also gaps in the supply of chemical products and metallurgical products such as acids, alkali, and metals. As to the shortages of coal, oil and electricity, these are even more acute.

As we know, it requires certain conditions and time to cultivate economic crops and readjust heavy industry. To change this strained situation fundamentally and very quickly is rather difficult. Moreover, with the work of patching up and filling in the links of production within light industry being carried out, there also may be a trend toward further shortage. Facing this situation, in the course of tapping present potentialities, the light industry must exert very great efforts to launch the movement to increase production and practice economy, vigorously popularize new technology and new techniques, do a good job of multipurpose uses, try by all means to find new sources, tap the potential resources in all quarters of society, make a success of the coordination of proportionate relations between the supply of goods and materials and processing capability, and avoid the phenomenon of waste which may appear when on the one hand we tap potential productive capability and, on the other hand, we leave our productive capability idle because of a lack of raw materials. A large amount of data shows that if we can do a good job of increasing production and practicing economy, the potential in this field is not small. For instance, if the furniture trade earnestly engages in multipurpose use and develops the production of boards from wood shavings, the utilization ratio of timber can be raised from the present 40 percent to 50 percent for the production of 1 million more articles of furniture. If the winemaking trade popularizes the effective experience of practicing economy in the consumption of coal and grain by operating technical training classes and strengthening basic technical work, it can spare both coal and grain by 10 tons each in a year for use in producing 40,000 tons more of white wine. If the trades of papermaking, glass, ceramics, and sugar can adopt technical measures of using surplus heat, generating electricity with surplus heat and centralized heating, it is estimated that they will save 220,000 tons of oil, 700 million units of power, and 440,000 tons of coal in a year. Our country also has a great deal of wild resources which may be used as raw materials for light industry. There are also some old and useless goods and materials in society which can be put to use. If we adopt some measures according to the policy, give short-term subsidies to enterprises using substitutes for raw materials, process raw materials from scattered resources, concentrate these resources and make much out of little, they will also lead to very impressive figures.

Finally, proceeding from the needs of the market, we must reduce long-line products and increase short-line products to make a success of coordinating the proportionate relations between production and marketing. As mentioned above, at present in our country the supply of most of principal light industrial products cannot meet the demand. Generally speaking, these products belong to the short-line category. However, light industry is a sector producing goods for consumption, has many lines of trade, produces many varieties of products, and has a direct bearing on all aspects of people's food, clothing, shelter, transportation, and daily use. A considerable part of these products is for export and is directly restricted by foreign market conditions. Therefore, with changes in the purchasing power and living habits of societies at home and abroad, it is unavoidable that there will always be long-line and short-line products. This feature of light industry requires that on the question of tapping potentialities, light industry should not only do a good job in coordinating the proportionate relations among all inner links of production and between the capacity for supplying raw material and fuel and the capacity for processing, but should also strengthen the work of investigating forecasting markets, definitely ascertain market conditions, use the force of tapping the potential of short-term products, and do a good job in the coordination of proportionate relations between production and marketing. Otherwise, if we have not made a comprehensive and careful consideration of the factors in all links of production and circulation, then it will also be possible that the more effort we make to tap potential, the more products will accumulate in stock, the shortage of products will be more acute, and we will only bring about undue loss and damage to our national economy.

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CSO: 4006

LIGHT INDUSTRY

BRIEFS

SHANDONG MUNICIPAL INDUSTRY--Zibo Municipality, Shandong Province, has made achievements in developing its light industry, thus changing the previous situation in which light industry progressed at a slower pace than heavy industry. During the first 5 months of 1980, the average daily production value and profit of the municipality's light industry, including the manufacture of textiles and electronic products, increased 46.69 percent and 59 percent respectively over the corresponding 1979 period. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 25 Jun 80 SK]

CHANGSHA LIGHT, TEXTILE BASE--The Changsha Municipal CCP Committee has decided to turn Changsha into a light and textile industry base for Hunan. Through summing up experiences, the municipal CCP committee has gained a clearer understanding of the strong and weak points of the municipality and decided to give priority to developing light and textile industry and the handicraft industry. At the end of 1979, the municipal CCP committee set up a potential tapping leadership group. The principal responsible comrades of the municipal CCP and revolutionary committees also went deep into the key enterprises to strengthen their leadership and implement the principle of the six priorities of light and textile industry. Of the 17 key items for tapping potentials and technical innovations which the municipal CCP committee formulated this year, 14 are light and textile items. When they are completed, output value can be increased by 180 million yuan a year. Developing light and textile industry requires joint undertakings. [Changsha Hunan Provincial Service in Mandarin 2315 GMT 25 Jun 80 HK]

MORE TELEVISION SETS--Beijing, 30 Jun--Around 750,000 television sets had been turned out in China by the end of May, a 93-percent increase over the corresponding period of last year. Two million sets are targeted for this year, while 1.3 million were turned out last year. TV viewers are estimated to be 20 to 30 million. The BEIJING RIBAO reports that one-third of the families in the central city own television sets. In Shanghai and such coastal provinces as Guangdong, Fujian and Jiangsu, more television sets are being brought into the family life. "China still has quite a backward TV industry, but it has been developing very rapidly during the last few years," a leading official of the Central Broadcasting Administrative Bureau, Li Lianqing, said during an interview. "The increasing number of TV viewers demand more diversified and better programs. We are working toward this end." [OW301003 Beijing XINHUA in English 0700 GMT 30 Jun 80 OW]

CSO: 4020

BRIEFS

LIAONING FOOD STALL--According to a LIAONING RIBAO report, provincial industrial and commercial administrative department recently issued licenses to self-employed peddlers to encourage small businesses. A retired couple recently set up a mobile confectionary stall at the entrance of a park to sell crackers. On the morning of 28 June, Guo Feng, first secretary of the Shenyang Municipal CCP Committee, visited this stall and called for efforts to set up more such stalls. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 28 Jun 80 SK]

CSO: 4006

FOREIGN TRADE

MANAGER OF SHIPPING COMPANY ON EXPANSION OF SHIP EXPORTS

Hong Kong TA KUNG PAO in Chinese 21 Feb 80 p 1

[Special report from TA-KUNG-PAO special correspondent in Beijing: "Chinese Shipping Industry Will Expand Ship Exports by Setting Up Offices in Hong Kong and Shenzhen, according to a Statement by General Manager Liu Qing [0491 3237] on Business Development--Countries in Southeast Asia, Europe, America and Japan Have Inquired About Placing Orders"]

[Text] "The China Shipping Industry Company will set up offices in Hong Kong and Shenzhen to form stronger links with the shipping circles of Hong Kong and other countries and regions, for receiving orders and offering better services to friends from various countries." This was stated by Liu Qing, general manager of China Shipping Industry Company, in a recent interview with our correspondent.

Liu Qing was optimistic about the export of ships in the 1980's. He said that while completing the task of shipbuilding, the China Shipping Industry Company is also selling ships to help in the extensive development of economic and technical exchanges and the promotion of international friendship and friendly cooperation among the shopping industries and circles around the world, besides opening an avenue for earning foreign exchange.

He continued: China has already begun selling ships to foreign countries and has signed contracts for the delivery of 17,500 ton and 19,000 ton vessels. Recently, some Hong Kong compatriots and friends have been actively negotiating with the China Shipping Industry Company concerning the purchase of ships. Some regions and countries, such as Southeast Asia, the United States, Norway, Italy and Japan have also inquired about placing orders.

The general manager said: "To meet the demands of international shipping, we have, aside from trying to shorten the construction time, paid particular attention to the production of up-to-date accessories. Furthermore, we have closely followed the usual international standard in producing accessories to meet our customers' requirements.

He pointed out: In producing accessory equipment, attention must be paid to the uniform international standard so that maintenance can be carried out anywhere. We have imported a whole set of advanced techniques in making the main engine, the cranes, the wireless booth, the hatch door, navigational equipment, automatic equipment, antipollution equipment as rapidly as possible. Certain items, which we cannot produce right now, will be imported according to our policy of "supporting export with import." At the same time, we are stepping up our technical cooperation with foreign countries, and we will invite foreign experts to provide guidance. As an alternative, we can also send our own people to study abroad in order to raise our standards of designing, production and management.

He pointed out the need to continue our quality improvement hereafter. He said: "Backward products cannot attract customers. The prices of our products should also be competitive, and this is a fundamental requirement in selling ships. Although we are still somehow behind the advanced countries in shipbuilding, the capacity of our equipment and our welding and other techniques have already attained high standards, and many foreign traders who come on inspection visits were favorably impressed by the scope of our shipyards and their productive capacity. They have also praised some of our products for their fine quality. Some friends have made certain suggestions about production control in our shipyards. We responded promptly to these rational suggestions and adopted the best ones. After all, we must strive to build a good reputation concerning the quality of our products."

He said: In selling our ships abroad, our responsibility is by no means over upon the delivery of the ships. We must provide good after-sale services, such as providing spare parts and setting up service stations. After all, we must give our customers complete satisfaction and relieve them of any worry about maintenance.

Finally, he expressed the opinion that in the export business, the China Shipping Industry Company should strengthen its cooperation with the communications and foreign trade departments concerned and enlist their strong support in increasing the exports of our ships.

9411
CSO: 4006

BRIEFS

TIANJIN FOOD EXPORTS--The Tianjin municipal foodstuff imports and exports company has fulfilled its annual canned food export plans. Foreign exchange gained in the export transactions topped 10 million dollars, surpassing the annual foreign exchange earned in both 1978 and 1979. [Tianjin City Service in Mandarin 1330 GMT 1 Jul 80]

PRC-FRG JEWELRY VENTURE--Beijing, 4 Jul--China's export and import general company of handicraft articles has recently signed an agreement in Beijing with a West German Company in Bremen City. According to this agreement, both sides will cooperate in a joint venture to establish a Chinese jewelry limited company in Bremen City, and the total investment will be divided evenly between the Chinese and West German sides. [OW080051 Beijing XINHUA Domestic Service in Chinese 0112 GMT 4 Jul 80]

ZHEJIANG EXPORT-IMPORT COMMITTEE--The Zhejiang provincial import-export management committee recently held its third conference on import-export work. It pointed out that the situation of Zhejiang's export trade is very good. By May, 43.4 percent of the province's anuual export plan had been fulfilled. The conference studied measures to overfulfill this year's export quota and called on departments concerned to strengthen cooperation in support of the export trade. [Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 27 Jun 80] Zhejiang Province has overfulfilled its export plan for the first half of 1980. Since the beginning of this year, party committees at all levels and the departments concerned in the province have strengthened leadership over export trade work, taken every measure possible to increase production of export commodities--particularly those that are in great demand on international markets--and thereby promoted procurement work for export commodities. As of the end of June, the province had fulfilled 60 percent of its annual procurement plan for export commodities, a 32-percent increase over the same period of 1979. [Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 6 Jul 80]

CSO: 4006

REPORT ON DEVELOPING TRANSPORTATION SYSTEM

Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] in Chinese No 13, 2 Apr 80 pp 17-20

[Article by ZHANG ZIZHONG [1728 5261 1813]: "China's Developing Transportation and Communications"]

[Text] China is now speeding up the development of transportation and communications to meet the requirements of socialist modernization.

In his Report on the Work of the Government, Premier Hua Guofeng pointed out: "In transportation and communications, we must accelerate the technical transformation of the trunk railway lines to increase their carrying capacity, double our efforts to build new highways while transforming existing ones, speed up the construction of harbors and develop inland river transport and strengthen the postal and telecommunications services."

Increase the Carrying Capacity of Trunk Railway Lines

Six railways are now under construction, the completion of which will add nearly 2,000 kilometers of railway lines in our motherland. By the end of December 1979, track laying had been completed over 1,500 kilometers. This included: The first phase of the construction of the Qinghai-Xizang Railway from Xining to Goldmud and completion of part of the Southern Xinjiang Railway from Turpan to Korla; construction of the Yimin River feeder line for the Hailar-Yimin Coalmine Railway in Nei Menggol; construction of the feeder line over the Qarhand Salt Lake for the Qinghai-Xizang Railway; construction of the Tongliao-Muolin Railway in Nei Menggol; and construction of the Taiyuan-Fengxian Railway in Shanxi Province.

All these railways are located in the order or mountainous areas which contain rich natural resources including petroleum, coal, iron, salt, and potassium deposits which can soon be exploited.

Since the founding of the People's Republic, a total of 103 railway trunk and branch lines have been built or repaired. At present, there are more than 50,000 kilometers of railways in China. This plays an important role in the national economy.

In old China, from 1876, when the first railway was built, to 1949, on the eve of liberation, only some 21,000 kilometers of railways were built; these railways were concentrated along the coast east of the Beijing-Hankow line or in North China and Northeast China. There was hardly any railway in the Northwest or the Southwest. In Qinghai, Ningxia and Xinjiang, there was practically no railway at all.

In the past 30 years, the state vigorously developed railway transportation and invested a total of more than 30 billion yuan on railway construction. Some 75 percent of the newly built lines were distributed over vast areas west of the Beijing-Hankow Line. In the three Southwestern provinces, namely Yunnan, Guizhou and Sichuan, railways have been built between Chengdu and Chongqing, Baoji and Chengdu, Sichuan and Guizhou, Guiyang and Kunming, Huan and Guizhou, Chengdu and Kunming, and Xiangyang and Chongqing, while those between Hunan and Guangxi and between Guizhou and Guangxi have been repaired. These were the first steps taken to improve transportation facilities in the Southwest. In the Northwest, the Lanzhou-Qinghai, the Lanzhou-Xinjiang, and the Baotou-Lanzhou trunk lines were built. These railways enable people in Qinghai, Xinjiang and Ningxia to travel by train for the first time in their lives. The completion of the railways has also changed the distribution in our railway network and has given a strong impetus to economic construction and development in the Southwest and Northwest. The links between the hinterland and the coastal areas were also strengthened. Today, with the exception of Xizang Autonomous Region, or the "Roof of the World," all provinces, municipalities and autonomous regions are accessible by train.

In the past 2 years, tracks were laid for railways between Taiyuan of Shanxi and Jiaozuo of Henan, between Beijing and Tongliao, between Zhicheng of Hubei and Liuzhou of Guangxi, and between Fulitun and Qianjin of Heilongjiang. Some of these lines are already in operation. Now, apart from the trunk lines from Beijing to Shanghai and Guangzhou, running between the north and the south, there are also three other trunk lines running in the same directions, namely the Datong-Pukou line, the Taiyuan-Jiaozuo line, and the Zhicheng-Liuzhou line. Besides the Longhai line, which runs between the east and the west, there are now the Zhejiang-Jiangxi line, the Hunan-Guizhou line, and the Guiyang-Kunming line also running between the east and the west. These new lines have greatly relieved the pressure on the former trunk lines besides promoting the circulation of materials throughout the country.

Improved transportation is one of the important conditions for accomplishing socialist modernization. In recent years, China has given priority consideration to its development. In China, 70 percent of the goods are transported by rail. Because of the vigorous development of foreign trade and the need to import advanced equipment and technology, we must speedily transport coal, oil and other materials from the inland to the coastal ports.

Therefore, China is planning to carry out technical improvements on the railway trunk lines and gradually change to the use of electricity, automatic dispatching equipment, and electronic computers for operational control. This is one of the foremost concerns in the national economy. At present, the main objectives in improving railway trunk lines are the speedy transportation of coal from Shanxi, Henan and Shaanxi; additional communication lines between South China, the Northwest and the Southwest; increased rail transportation capacity to the coastal ports; and conversion to the use of multiple tracks and electricity in certain areas. There are now 8,000 kilometers of multiple tracks, and more than 1,000 kilometers of electric-operated railway lines. Five more lines are now being converted to the use of electricity. Furthermore, thanks to the use of Japanese Government loans, the 300 kilometers of multiple-track railway lines between Beijing and Qinhuangdao will be electric-operated. This will greatly facilitate the transportation of coal and other materials from northern Shanxi and Kailuan of Hebei. Multiple tracks are also being built from Hengyang to Guangzhou on the Beijing-Guangzhou Railway. This railway will be electrically operated and will be an important factor in the circulation of goods between South China and the inland. Some major dispatching stations are now using the system of mechanized and centralized electric control. This has greatly increased the transportation capacity of railways and helped ease the pressure on the transportation resources. However, there are still no reserve facilities, and the Chinese Government has decided to carry out a large-scale railway development program after the 3 years of adjustment.

Expand the Ocean-Going Fleet and Enlarge the Ports

In the past 30 years, China built up its ocean-going fleet from scratch. It has been gradually expanded, and by the end of 1979, this fleet consisted of more than 400 vessels totaling more than 7 million tons. They are now sailing in three oceans.

In old China, there were only a few ocean-going freighters plying between China, Japan and the Southeast Asia. They never went beyond the Persian Gulf.

Now, our ocean-going vessels are visiting every country in the world. Sailing eastward, they can visit Japan and cross the Pacific Ocean to reach Canada, the United States and Latin America. Sailing westward, they can cross the Mediterranian and enter the Atlantic Ocean. They can also go around the Cape of Good Hope and enter the Atlantic Ocean after passing by various countries in southern Asia, western Asia and Africa and then visit the European countries. Sailing southward, they can visit Southeast Asian and Oceanian countries; and sailing northward, they can visit Korea. The number of ports of call has increased from 13 in five countries in 1961 to more than 400 in more than 100 different countries.

The development of our ocean-going fleet is partly attributed to our developing ship-building industry and partly to purchases from foreign countries with bank loans. China bought a small number of ships in the late 1960's; in the 1970's, we took advantage of the economic recession in the capitalist countries and bought a fairly large number of ocean-going vessels. Meanwhile, China's own ship-building industry also gradually developed and was finally able to build its own ocean-going vessels one after another.

Chinese ocean transportation mainly serves foreign trade. The bulky technical equipment and some urgently needed materials are mostly brought in by our own fleet across the ocean. For more than 10 years, China's income from ocean transportation has not only enabled it to redeem its loans for the purchase of these vessels but also earn a certain amount of profits At present, China's ocean-going fleet cannot be called large, and the variety of ships is still narrow. Therefore, continued development through purchases from other countries and our own shipbuilding are still necessary in order to cope with our fast developing foreign trade.

With a coastline of more than 18,000 kilometers, China has many fine harbors in which to build ports and the large number of lakes and rivers also provide excellent conditions for developing water transportation.

In old China, however because of the corrupt and incompetent government and foreign exploitaiion and oppression, China was far behind the industrially developed countries in building port facilities.

After liberation, Chinese ports along the coast have acquired a new outlook because of their renovation and expansion; the use of machinery in loading unloading and transportation; and the building of new berths.

Acting in accordance with Premier Zhou's instruction on the improvement of port facilities, we began large-scale construction in 1973; and in only 4 or 5 years, we built and expanded 42 deep-water berths suitable for ship of more than 10,000 tons. Some of these berths are suitable for 30,000-ton, 50,000-ton and even 100,000-ton ships. Some technical renovation has also been carried out with improved and increased equipment for loading and unloading. Compared with 1972, the cargo handling capacity of the ports has been increased by 66 percent and is 22 times what was before liberation.

At present, 58 special or ordinary berths, suitable for ships of more than 10,000 tons are being built in Shanghai, Huangpu, Tianjin, Qinhuangdao, Beilun, Qingdao and Fangcheng. This is a continuation of the large-scale port construction program started in 1973. Those special or ordinary wharves built after 1976 can accommodate ships of 50,000 or 100,000 tons, and are mainly used for coal, petroleum, mineral ores, and container freight. Attention is also paid to the use of modern equipment for efficient loading and unloading and advanced management methods. Because of the use of the newly built berths in Shanghai, Qinhuangdao and other ports, China's cargo handling capacity in 1980 has been increased by nearly 8 million tons over the same period of 1979. The building of Beilun Harbor in northern Zhejiang to be used as a transit port for mineral ores, began on 10 January 1979. There is one berth for 10,000-ton ships and two for 5,000-ton ships. The annual volume of mineral ores handled reaches 20 million tons. The construction progressed very rapidly, and the 10,000-ton ship berth as the main project was completed by the end of 1979. A scooping machine has also been installed for loading. The required equipment will be completely installed in 1980 and ready for use in 1981. Meanwhile, the expansion of Huangpu and Tianjin Ports are gathering momentum.

The Chinese Ministry of Communications is trying by every means to increase the ports' handling capacity in 1980. On the one hand, it is making full use of the present berths with additional equipment for loading and unloading and the use of more lighters to help in transshipment. On the other hand, it is continuing to invest in the construction of new berths. The state has also decided to use the loan from Japan for repairing a deep-water berth in Shijiusuo [4258 5273 2076] in Rizhao County, Shandong Province (for 10,000-ton ships) to be specially used for transporting coal. Shijiusuo is located between Lianyunkang and Qingdao by the Yellow Sea. The water is deep and the coastline is regular with favorable geological conditions. The loan from Japan is also used for the second stage of repair work on a coal wharf in Qinhuangdao on the west coast of Bohai Bay. This is an important port for exporting oil and coal in North China.

To meet the international standard for container freight transportation, four special container freight terminals are being built in Tianjin, Huangpu and Shanghai for ships of over 10,000 tons. Container freight transportation business for Chinese ocean shipping to Australia is quite good. This type of transportation is now being tried out in Shanghai, Tianjin, Qingdao and Shanghai.

According to information received, the Chinese Ministry of Communications will, if possible at all, continue to use foreign capital to expedite the building of more berths. As an alternative, it will carry out technical transformation on existing berths with the addition of modern communications and navigation aids.

At present, as far as water transportation is concerned, China has already formed a rudimentary water transportation system with its own ships, while continuing to strive for modernization. In 1979, the state plan was overfulfilled every month and the transportation service has continued to improve. The transportation of key materials and foreign trade items has been successfully completed.

The Fledging Civil Aviation

On 1 January 1980, the most up-to-date airport in the capital, suitable for the takeoff and landing of various types of airplanes, was formally inaugurated. This airport was built to develop China's world air-route network in order to cope with the development of tourism. This is China's first international airport with modern equipment.

The construction of the capital's international airport includes more than 20 different projects. It occupies some 200,000 square meters and the newly built "satellite" waiting room has a total floor space of 60,000 square meters, five times the size of the waiting room. It can handle 1,500 persons in 1 hour.

Following the formal inauguration of the capital's international airport, civil aviation will soon begin between China and the United States. The CAAC will use Boeing 747 equipment on its European and American flights. In 1979, the CAAC opened three international routes and increased the scheduled flights. Up to now, China has 11 international flight routes totalling more than 67,800 kilometers. CAAC planes are now visiting Pyongyang, Rangoon, Karachi, Tokyo, Osaka, Nagasaki, Moscow, Teheran, Addis Ababa, Bucharest, Belgrade, Zurich, Paris, Manila and Frankfurt. We have also signed aviation agreements with more than 30 countries and conducted business with more than 100 other airlines. This has greatly strengthened the links between China and various countries in the world.

In 1979, the CAAC opened 15 domestic routes, primarily for the convenience of toruists. The great capital of Beijing, the beautiful landscape of Hangzhou, and the biggest Chinese industrial city, Shanghai, are all favorite spots for the compatriots in Hong Kong and Macao. Formerly, people in Hong Kong planning to visit Beijing, Shanghai, Hangzhou and Suzhou had to change planes in Guangzhou, and the trip usually required 2 days. Since the direct routes from Hong Kong to Shanghai, Hangzhou and Beijing were opened, the flight takes only a few hours. This means greater convenience for the compatriots from Hong Kong and Macao and for foreign tourists visiting the scenic spots. To promote tourism, the CAAC has continually increased its scheduled flights to some cities. To Guilin of Guangxi Autonomous Region, there are 42 flights each week.

At present, there are scheduled flights to 29 provinces, municipalities and autonomous regions, not including Taiwan, and Beijing can be reached on the same day of the flight. New domestic flight routes are constantly increasing. There are now more than 160 domestic routes totalling 168,840 kilometers, an increase of nearly 20,000 kilometers over 1978.

In the past several years, the CAAC opened new routes to Fuzhou, Urumqi, Yining, Simao and Lhasa. Xizang Autonomous Region, located on the "Roof of the World" was considered inaccessible by air. In 1956, the CAAC made a successful flight, and the Beijing-Chengdu-Lhasa route was officially inaugurated. In 1975, the regular Lanzhou-Lhasa flights began, followed by Xian-Lhasa flights in 1979. In Xinjiang, located in the western frontier, there was only one air route between Hami (now called Urumqi) and Yining before the founding of the People's Republic. Now Xinjiang has the largest number of aviation stations and the longest air routes among all provinces and autonomous regions. There are regular Beijing-Urumqu, and Shanghai-Lanzhou-Urumqi flights, with Urumqi serving as the terminus. The Urumqi airport, now being expanded, will have more modern equipment to facilitate the takeoff and landing of large jets and promises to be an important international airport. Besides being used for the scheduled landings of flights between Beijing and Frankfurt, it also provides landing facilities for six other international routes.

Civil aviation in new China started almost from scratch. On 1 August 1950, its civilian planes only flew to and from Tianjin, Guangzhou and Chongqing. There has been a great development in the past 30 years. Generally, however, the developing civil aviation in China is still in its fledging stage.

9411
CSO: 4006

TRANSPORTATION

TRANSPORT SITUATION CALLED CHAOTIC

Guangzhou NANFANG RIBAO in Chinese 21 Apr 80 p 2

[Article by staff reporter He Shaoying [0149 1421 5391] and correspondent Zhang Shengzhong [1728 4164 1813]: "When Will the Chaotic Situation of Civil Transport End?"]

[Text] At the provincial conference on the work of communications and transport held recently, many delegates complained that at present, transportation is chaotic, the number of transport enterprises operating under collective ownership (called civil transport for short) has declined, their accumulation has dwindled, and the income of their personnel has dropped continuously. This situation deserves the serious attention of departments concerned.

According to information, some of the important reasons for the present chaos in the transportation field and the decreased income of civil transport personnel are that, besides the problem about sources of freight, the factories have been doing their loading and unloading themselves, the removal and transport service centers have hired unemployed persons to do their work, and some members of rural communes have wandered aimlessly into cities and towns to do transport services as a sideline occupation, with the result that the department of transport could not exercise effective control. Some farmers have given up farming to do transport work and have canvassed freight in private. A few lawbreakers have even taken the opportunity to commit graft and embezzlement. All these things have not only created chaos in the transportation field, to the detriment of the development of industrial and agricultural production, but have also caused difficulties for the production of collective transport enterprises and the livelihood of the transport personnel. The city transport company of Gaozhou County was compelled to convert the company's office building into a hotel and make a living with the income because their transport service centers were not filled with the tasks of transport.

Another important reason for the decreased income of the civil transport workers is the existence of certain irrationalities in the tax collection policy. At present, the state carries out an eight-step above-quota progressive taxation policy for the communication and transport cooperatives, at the rate of 40 percent on their annual profit above 10,000 yuan, 50 percent on their annual profit above 30,000 yuan, and 55 percent on their annual profit above 80,000 yuan. This has caused a distinct decrease in the collective accumulation and in the income of staff members and workers of some small enterprises after their amalgamation into larger ones. In fact, this policy restricts the consolidation and development of civil transport enterprises. Furthermore, there are very big gaps in the state supply of the means of production and materials for maintenance to civil transport enterprises. The supply of timber reaches only 20 to 30 percent of the demand. A major part of maintenance materials must depend on purchases at high prices; at present, for instance, the price of Hainan timber per cubic meter has more than tripled that of 1965, and the price of tung oil has gone up from less than 1 yuan per kilo in the past to 1.5 yuan. Consequently, the civil transport enterprises' cost of production has continuously increased; however, the charges for freight have dropped again and again. Since liberation, freight rates have been greatly reduced on three occasions.

Moreover, frequent changes in the management system have also been a factor affecting the development of the civil transport enterprises. Since 1958, the enterprises of loading and unloading and of transport have undergone repeated changes of tightening up and relaxing [of controls]. After every change, the enterprises invariably suffered the property loss and damage, and the people felt uneasy and did not dare to accumulate funds. At the same time, the labor insurance and welfare [benefits] of transport enterprises under collective ownership are not as good as those of state-run enterprises, affecting the enthusiasm of the staff members and workers.

Civil transport is an important component of the socialist economy. At present, our province has more than 1,000 civil transport enterprises with some 200,000 staff members and workers. They are responsible for 70 percent of the province's short-distance transport in collecting and distributing goods and materials, 80 percent of freight shipping and transport, and 90 percent of loading and unloading at local ports, and constitute an important transport force. They play an important role in accelerating the exchange of goods and materials between the cities and the rural areas, in supporting industrial and agricultural production, and in developing the national economy. During a fairly long period in the future, a great deal of short-distance transport in collecting and distributing goods and materials and the transport and loading and unloading of cargo in cities and rural areas and at ports and stations will still depend upon civil transports, assuming its responsibility. Therefore, with respect to civil transport, we must strengthen our leadership, give our positive support and assistance, adopt the principle of protecting, restructuring, consolidating and actively developing [the enterprises] and, in politics and management, treat them equally without discrimination, like the state-run transport enterprises. At present, the people's government at all levels must carry out a reorganization of the transport market, set up and perfect administrative organizations at all levels, unify the leadership of concerned key departments, and take control of this work. The system of management must be kept fairly stable. We must plan the recruiting of a nonprofessional transport contingent according to local cargo sources, strictly abide by the rules and regulations of the transportation field, and bring transport under "three-unified" management (unified planning, unified acceptance of consigned shipments, and unified freight charges and bills). The funds, property, and transport machinery of the civil transport enterprises should receive the protection of state laws. No unit or individual should transfer them indiscriminately or misappropriate them in any form. The materials, motive power, machinery fittings, fuel, and equipment required by the civil transport enterprises for production, maintenance, and technical remolding should be brought into line with the state plan and supplied according to ratified requirements and state allocation prices. The state must adopt a policy of low taxation toward civil transport and change as soon as possible the current irrational method of levying an eight-step above-quota progressive income tax. In short, we must strive economically and politically to support and assist the development of the civil transport enterprises. The civil transport enterprises should also persist in serving local national economic construction and the people's living, in doing a good job of loading, unloading, and transport in the exchange of goods and materials between cities and rural areas, in dispersing goods and materials at ports and stations, and in carrying goods and materials between the key points and main lines of communication.

9039
CSO: 4006

TRANSPORTATION

SHANXI'S TAIYUAN IMPROVES URBAN TRAFFIC PROBLEMS

OW091158 Beijing XINHUA in English 1233 GMT 8 Jul 80

[Text] Taiyuan, July 8 (XINHUA)--Taiyuan City, a north China heavy industrial centre, is taking measures to reduce traffic pressure.

Among the major items is construction of a one-kilometre long, 40-metre wide avenue which will link the eastern with the western parts of the city.

Other projects include the building of a flyover to replace the grade crossing of a railway line and a motor road in the eastern part of the city, the widening of an avenue in the southern part of the city from nine metres to fourteen metres wide and the laying of a three-kilometre-long highway in the western part of the city.

To quickly improve the city's traffic conditions, the department concerned has accelerated transformation of roads and other communication facilities in the recent two years. More funds have been appropriated for this purpose. Important measures adopted by the city are as follows:

Automatically controlled red and green lights have been installed at main crossings where traffic is heavy and vehicles can all pass through in 45 seconds at most. This speeds up the traffic flow.

Lanes have been marked out for different kinds of traffic vehicles.

New roads convenient for traffic and people's livelihood are planned when new houses are built.

Unpaved road surfaces are covered with cement or asphalt.

Moreover, new bus lines have been added.

At present, the city has a population of over one million and more than 400,000 bicycles in the city proper. At peak time, the flow of bikes and vehicles at the main crossings reach 20,000 per hour.

Traffic jams have been reduced to varying degrees and road accidents have declined.

CSO: 4020

TRANSPORTATION

REPORT ON HUANGPU HARBOR DEVELOPMENT

Hong Kong CHING-CHI TAO-PAO [ECONOMIC REPORTER] in Chinese

No 13, 2 Apr 80 pp 21-22

[Article by correspondent Zheng Hong [6774 3163]: "Huangpu Harbor Will Be Expanded Into a Modern Port"]

[Text] To expand foreign trade, the Chinese Government has to solve the problem of transportation and is planning to appropriate huge funds for building more ordinary and special berths for ships of more than 10,000 tons in the key ports, including Shanghai, Talian, Tianjin, Qingdao, Qinhuangdao and Huangpu, in order to meet the increasing needs for water transportation. In the past several years, port construction in China has been far behind the foreign trade development, resulting in some imbalance. According to statistics, at present about 230 ships engaged in foreign trade require port facilities to load or unload cargoes each day. However, only about 90 can be loaded and unloaded. The shortage of berths is causing delays for which the state has to pay demurrage in foreign currency. This is an unnecessary waste.

China's ocean-going fleet was formed in 1961. At that time, there were only a small number of ships covering only short distances. Now, this fleet can visit every country in the world. Formerly, it could visit only 13 ports in five different countries; now the number of ports of call has been increased to more than 400 in more than 100 different countries. Ocean transportation mainly serves foreign trade. Bulky technical equipment and urgently needed imported items, such as the equipment for the General Petrochemical Plants of Beijing, Shanghai and Guangzhou, the 1.7 meter rolling machine for Wuhan Iron and Steel Plant, and some large equipment for Baoshan Iron and Steel Plant of Shanghai and some other large plants, mines and enterprises, are mostly transported by China's ocean-going fleet. Today, after more than 10 years' development, ocean transportation has earned enough not only to redeem the loans for the purchase of ships but also to remit to the state as profits.

In March 1979, a 14,000-ton U.S. freighter arrived in Shanghai and stayed in Huangpu River. This was the first U.S. freighter to enter a Chinese port in 30 years to unload cargo. Shortly afterward, China's S/S "Lin Lin" reached Seattle on the first scheduled cargo trip. This formed a new chapter in the history of Sino-American maritime transportation. China's ocean-going fleet not only plays an important role in China's national economic development, but also serves as a bridge for China's relations with foreign countries.

In the past several years, China's merchant fleet has been constantly expanded. In the 12 months from the latter half of 1978 to the first half of 1979, the total world tonnage of merchant ships increased by two percent, reaching the figure of 413 million tons. The tonnage of Chinese merchant ships increased by 25 percent, totaling 6.3 million tons. The speedy development of China's fleet and the spectacular rise of its transportation capacity attracted international attention. China's ocean-shipping company has recently concluded a business transaction with Malaysia to transport rubber to Europe. The annual amount transported is about one-third of Malaysia's total rubber output. This transaction shows that China's ocean transportation has already entered the Third World market.

Capital construction on China's harbors is now lagging behind its fast developing transportation business. To solve the problem of harbor congestion and delay in unloading cargoes, the basic method is capital construction at harbors, including a large increase of deep-water berths. The handling capacity of Huangpu harbor, which is now one of the five key ports in China (the other four being Tianjin, Shanghai, Lianyun and Qinhuangdao) is only one-tenth of that of the whole country. In this respect, it ranks fifth or sixth in the country. Huangpu is an important port of Guangdong, because imported and exported goods for South China have to go through it. It is, therefore, always operating under pressure. Before March 1978, unloading was very slow in this port and many ships had to wait for months to be unloaded. The situation is now much better.

Huangpu harbor is mainly divided into two sections. The old section has seven berths, and the new section has five. The berths in the old section, with their outdated equipment, were built quite early. It can accommodate only 5,000-ton freighters. In 1973, the authorities planned the construction of a new section. Work was started in 1974 and the first phase was completed in early 1975. It was not fully commissioned, and construction had to go on hand in hand with its operation. It was not basically commissioned until recently, and its construction has costed more than 140 million yuan. The new harbor measures 923 meters along the coast and has five berths, suitable for the loading and unloading of 20,000-ton freighters. One of them can even accommodate 30,000-ton freighters. For loading and unloading, there are more than 400 sets of machines in both the old and the new harbors. The equipment includes floating cranes and weight-lifting ships, and the largest one can unload 250.5 tons of cargo. The cranes on land can unload only 27.5 tons. Most of the loading and unloading is now mechanizized, but 30-40 percent of this work has to be performed manually.

In addition to the above-mentioned 12 berths, five new berths are being added in the vicinity of the new harbor. Two of them are for container freight, one is for ordinary cargo and the remaining two are specially for coal transportation. It is anticipated that all five will be completed in 1982. According to Chen Shangjing [7115 1424 4552], deputy director of Huangpu Harbor Bureau, the present 12 berths are sufficient for unloading cargo from ordinary freighters, and the problem of cargo congestion has been basically solved. The ships do not stay more than 10 days, including the day of arrival, the unloading and loading period and the day of departure. In 1979, the amount of cargo handled in Huangpu harbor reached 12 million tons. It is estimated that by 1982, when the three new berths will be completed, the handling capacity will be increased to 23 million tons.

China's progress in the Four Modernizations and the vigouous development of its economy will be accompanied by a rapid increase in foreign trade. Haungpu harbor, with its present equipment, cannot cope with this rapid increase. Deputy Director Chen Shangjing stated that for long range development, the initial expansion of Huangpu harbor will be followed by the construction of a large modern port in Xinsha district of Dongguan County at the confluence of Dongjiang and Jujiang Rivers before 1990. In July and August 1978, the Huangpu Harbor Bureau considered building new berths in one of more than 30 different locations. The range of choice was later narrowed down to Humen, Dachan and Xinsha. After a careful survey and study, it was found that winds and waves are stronger in Dachan, and a ship has to make a 75 degree turn in entering the harbor. Therefore, this is not the ideal location. Humen has great potentials, but it is 40-50 kilometers away from the Guangzhou-Shenzhen railway. If lighter service is used, it has to sail 75 kilometers to reach Guangzhou, and the additional expenses will be considerable. Of these three locations, Xinsha in Dongguan is the best, because of the wider expanse of water and the usually calmer winds and waves. Furthermore, it takes only a 6 kilometer railway to connect Xinsha with the Guangzhou-Shenzhen Railway and, therefore, the transshipment cost is much lower.

It was initially planned that 30 berths be built as part of this large-scale project. Among them, 10 will be for container freight and 20 for bulk cargo. Work on the new berths will be started in 1983 or 1984 and is expected to be completed in 2000. China itself will undertake the construction without outside help. However, the import of foreign machinery for the berths, in the form of compensatory trade, will be considered. There is now a railway connecting the new Huangpu port with the Guangzhou-Shenzhen Railway. While building the new berths in Xinsha, the Huangpu Harbor Administration Bureau of Guangdong Province, under the Ministry of Communications, will also build a 6 kilometer railway to connect Xinsha with the Guangzhou-Shenzhen Railway so as to expedite transshipment.

9411
CSO: 4006

TRANSPORTATION

FIRST STAGE OF SHEKOU INDUSTRIAL AREA CONSTRUCTION COMPLETED

Guangzhou NANFANG RIBAO in Chinese 1 Mar 80 p 1

[Article by NANFANG RIBAO correspondent: "First Battle in the Construction of Shekou Industrial Area Already Won--First Stage of Wuwan [0063 3494] Building Completed and in Operation Ahead of Schedule"]

[Text] The first stage construction of Wuwan in the Shekou Industrial Area in Shenzhen [3234 1101], undertaken by the Hong Kong Merchant Steamship Company in Hong Kong, has been completed and commissioned ahead of schedule since 27 February.

The first stage of the construction of Wuwan in the Shekou Industrial Area includes a 150-meter berth, a 100,000 square meter work-site, a 200 square meter dock with an embankment, a harbor pond of 600 by 100-200 meters, and an approach passage of 3,400 meters. After the completion of the first stage, the terminal will be capable of docking two 1,000 ton-ships simultaneously, while large quantities of construction materials can be directly transported by sea into the industrial area to be unloaded at the berth. This will greatly help speed up the construction of the Shekou Industrial Area and play an important role in foreign trade.

The terminal in the industrial area, the harbor pond, and the approach passage are separately undertaken by the Second Section of the Fourth Navigational Engineering Bureau of the Ministry of Communications and the Huangpu Engineering Section of the Guangzhou National Bureau. The work was formally started in early June 1979. To speed up the construction of the first special economic area in our country, the workers raised the slogan "Win Glory for the Motherland by Striving for the Four Modernizations." The contracts signed by the construction suits include reward and penalty clauses for completing the work ahead of or behind schedule. The application of economic laws and the principle of distribution according to work greatly inspired the construction units and workers. In some 8 months, 1,68 million cubic meters of soil was removed to make room for the pond and the approach passage, which were completed 2 months ahead of schedule. The construction of the terminal involved some 220,000 cubic stone and earth work. The first stage of the work originally called for 3 months, but it was completed in slightly more than 1 month, while the quality of work was fine and the safety record good. According to the contract, the construction units have earned considerable sums in rewards.

9411
CSO: 4006

BRIEFS

LIAONING TRUCKS--Liaoning Province has overfulfilled its annual plan for holding down the operation of transport trucks. There are now 10,118 trucks in storage, a monthly savings of 5,400 tons of gasoline and diesel oil monthly. [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 28 Jun 80 SK]

HEILONGJIANG INLAND WATER TRANSPORT--The high water tables in Songhua, Heilong and Wusuli rivers have facilitated Heilongjiang's inland water transport. As of 23 June the volume of inland water cargo shipment had amounted to 764,800 tons, up 11.85 percent over the same period last year. The passenger ship service between Harbin and Jiamusi, which has been suspended for 3 years, is scheduled to resume in early July. [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 25 Jun 80 SK]

SICHUAN RIVER BRIDGE--Chongqing, 1 Jul--The first highway bridge across the upper reaches of the Yangtze River near Chongqing opens to traffic today. This puts an end to dependence on the ferry which is frequently halted by fog and dangerously high water levels in the Yangtze, China's biggest river. This makes a big difference to transportation in Chongqing, the biggest industrial city in southwest China, and to the whole province of Sichuan in China's modernization drive. The new bridge, a prestressed concrete cantilever structure, is 1,120 meters long and 21 meters wide with two approaches of 2,160 meters. It can accommodate 210-ton platform trailers. Construction started on 26 November 1977 and was completed 6 months ahead of schedule thanks to use of modern techniques and scientific management and innovation of machines and tools. This bridge with 7 piers is from 60 to 70 meters high which will allow the passage of ships up to 5,000 tons even in the high water season. The biggest arch, under which the river's main navigation channel runs, has a span of 174 meters, the longest span of this type of bridge in China. [Beijing XINHUA in English 0756 GMT 1 Jul 80 OW]

JILIN RETIRES TRUCKS--The Jilin Provincial People's Government approved a report made by the provincial economic commission and the provincial communications bureau on reducing oil consumption by reducing the surplus vehicles and strengthening the management over the rest. The report states that the province will be able to conserve 50,000 tons of gasoline and save about 100 million yuan annually if it seals up 8,000 trucks for safekeeping. The report suggests ways to work out a unified management system over the vehicles in the province so as to increase the efficient use of existing vehicles. [SK300448 Changchun Jilin Provincial Service in Mandarin 1100 GMT 23 Jun 80 SK]

KUNMING-WANDING HIGHWAY REOPENED--Kunming, July 5 (XINHUA)--Reconstruction of the eastern section of the highway linking Kunming, capital of Yunnan Province, with Wanding, a town at the China-Burma border, has been completed. The section, from Kunming to Baoshan, was opened to traffic recently. The total length of the eastern section has been shortened from 678 to 584 kilometres. During the reconstruction, work was done to straighten and widen the old road and the steep inclines were eliminated by rerouting some parts of the road and rebuilding tunnels and bridges. The old Kunming-Wanding highway, which was part of the former Yunnan-Burma road, the only international highway connected with China during the anti-Japanese war (1937-1945). The highway was poorly constructed with many steep gradients and sharp turns and could not meet the growing traffic demand in recent years. Reconstruction of the western section is now underway. [Text] [OW051608 Beijing XINHUA in English 1500 GMT 5 Jul 80]

DOUBLE-TRACK RAILWAY--Zhengzhou, July 2--Tracklaying began on July 1 in a project to double-track a 146-kilometre-long section of the Longhai Railway, one of China's East-West transport arteries. Work on the section, which runs from Shangqiu in Henan Province to the railway hub of Xuzhou in coastal Jiangsu Province, is expected to be completed in October this year. This section is the eastern part of the 343-kilometre-long Zhengzhou-Xuzhou line, a bottleneck along the Longhai Railway that connects China's inland areas with coastal regions. The western part, 197 kilometres long, was double-tracked last year. Meanwhile, the Longhai Railway's Tianshui-Lanzhou section, which crosses mountainous terrains, is being electrified to enlarge its carrying capacity. [Text] [OW031215 Beijing XINHUA in English 1650 GMT 2 Jul 80 OW]

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